

**Poles Cheer a Call By Pope for Justice To Nation's Farmers**

**Summit Leaders Vow AIDS Fight, Currency Effort**

**TARNOW, Poland** — Pope John Paul II told a cheering throng of about 2 million people at an open-air Mass on Wednesday that he supported the aims of the banned Rural Solidarity union and independence for Polish farmers.

His statement, which spoke of an "economic and moral crisis" in agriculture, was the clearest and strongest he has made on behalf of alternatives to Communist systems since he began a third pilgrimage to his homeland on Monday.

Solidarity banners fluttered at the Mass outside Tarnow, a southeastern farm region town where the pope also beatified Karolina Kozka. She was killed at the age of 16, defending her virginity against a Russian soldier who tried to rape her in 1914.

Later Wednesday, church officials said that a crowd of up to two million people greeted John Paul at an evening prayer meeting in the meadows outside Krakow, where he was archbishop at the time of his election to the papacy in 1978.

"Let us each day become capable with our own hands and through social solidarity of building our common future," the pope said. "We must not yield to depression. Neither spiritual nor social frustration must dominate us."

He also said that he had hoped to visit the Soviet republic of Lithuania for religious celebrations this year but indicated that a 1984 ban imposed by Moscow on such a visit was still in effect.

The authorities said that about 3,000 Solidarity supporters clashed with the Polish police in Krakow after the pope's speech, seriously injuring a policeman. The Associated Press reported. Officials gave no reason for the disturbance.

In Tarnow, the pope attacked "ill-considered" experiments in collective farming and discrimination against private farmers in a fertile land that suffers food shortages.

"Agriculture is bread," John Paul said. "Throughout the world, it is the backbone of the economy. In our country, all agree that bread should not and may not be lacking."

A roar of applause rose from the crowd when he urged the govern-

ment to honor the 1981 agreements with farmers that created Rural Solidarity as an agricultural counterpart to the Solidarity free trade union representing other sectors of the economy.

Both groups were banned under martial law at the end of 1981.

He departed from his official text to interject: "The pope at least cannot be silent about them, even if he were not a Pole, but especially because he is a Polish pope."

John Paul said that many rural problems stemmed from the authorities' treatment of farmers as second-class citizens, and he urged that they should be allowed to be profitable, independent producers.

The authorities give preference to state farms in allotting scarce supplies of fertilizers and machinery, although official statistics

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Rioters attacking police on Wednesday during widespread protests in Seoul. Similar outbreaks occurred across the country.

**Rumblings Of Glasnost In Berlin**

**Seoul Rocked by Worst Clashes in Years**

**By Robert J. McCartney**  
*Washington Post Service*

**BERLIN** — Clashes between East German rock music fans and the police could be a sign that Mikhail S. Gorbachev's reform program in the Soviet Union is encouraging pressure for change in one of Eastern Europe's most regimented societies, according to Western diplomats and commentators.

The three nights of confrontations along a tree-lined boulevard in East Berlin quickly assumed a political character. Hundreds of youths protested police lines erected to keep them from gathering at the Berlin Wall to listen to an British rock stars performing at an open-air festival just over the concrete barrier.

The protests, which began on Monday, highlighted by chants of "free wall must go!" and "Gorbachev! Gorbachev!" were mild compared to street battles in neighboring Poland at the height of the Solidarity trade union movement in the early 1980s.

In East Germany, however, which has one of the weakest dissident movements in Eastern Europe, the confrontations were the most serious public disturbances in nearly a decade. At least 60 persons were arrested.

The clashes indicated that the East German leader, Erich Honecker, may have to reckon with the unexpected threat of public unrest if he continues to resist introducing the "openness" and "restructuring" officially preached by Mr. Gorbachev, the Western diplomats and commentators said.

So far, the East German leadership has made clear its lack of enthusiasm for Mr. Gorbachev's calls for fewer restrictions on the media, increased self-criticism and greater "democracy" in politics.

The official East German news media routinely censor Mr. Gorbachev's speeches to delete his appeals for glasnost, or openness. East German officials contend that such ideas are fine for the Soviet Union but that East Germany is doing well with its own practices.

Nevertheless, the Western diplomats said many middle- and low-ranking East German officials, in private conversations, express much greater enthusiasm than the leadership for Mr. Gorbachev's

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**By John Burgess**  
*Washington Post Service*

**SEOUL** — Seoul erupted into its worst political violence in years on Wednesday as thousands of anti-government protesters fought riot police in four hours of street battles to protest the government party's confirmation of President Chun Doo Hwan's handpicked presidential candidate, Roh Tae Woo.

Rioters lit bonfires and left central Seoul littered with stones and other rubble. Police, who had banned the rally, blanketed a huge area of Seoul with tear gas.

Calm was restored Wednesday night.

Several hours before the demonstration broke out, Mr. Roh, the ruling party chief, had been formally nominated at a convention as the successor to Mr. Chun.

The day's events were in marked contrast to other opposition demonstrations in Seoul in recent months, which the government quickly suppressed with massive police force.

At one point Wednesday, protesters overran a contingent of police who had run low on tear gas.

Officers were stripped of their equipment and battered with rocks, and at least one suffered a serious head injury.

South Korea's official Yonhap News Agency reported protests in 11 other cities as well. Reuters quoted police sources as saying that about 2,000 people had been arrested nationwide.

The rallies were called to protest the death of a student during police torture and the ruling party's convention, which the opposition sees as part of a process to perpetuate "military dictatorship" in South Korea.

Emotions appeared to have risen with reports that another student had died, after a tear gas grenade hit him on the head Tuesday. Officials said Wednesday night that he was still alive, but on respirators and other equipment.

Mr. Chun's government had banned the protests and said anyone taking part would be arrested, but people turned out anyway. From about 5 P.M., the streets around Seoul's city hall became an urban battlefield.

Protesters at one point took over the lobby of the Lotte Hotel, occupying the marble floor and singing political songs. Riot police stormed in to drag them away, but they were forced into a corner when they were outnumbered.

Foreign guests at the hotels, some of them sipping cocktails, watched the street spectacle from their windows.

Throughout the day, people chanted "Down with dictatorship!" According to plan, at 6 P.M. cars began honking their horns, demonstrators cheered and church and temple bells were rung.

Kim Young Sam, president of the main opposition Reunification Democratic Party, rode a cart moving slowly through the streets, drawing cheers from demonstrators. "It is the beginning of the end of Chun's regime," Reuters quoted him as saying.

Many demonstrators were peaceful, waving small South Korean flags. Others turned out with rocks and homemade gasoline bombs.

The students then tried to hurl their bombs over six lanes of busy traffic to hit the police. Most of the bombs fell short and exploded on the street, with terrified drivers plowing through flames. No one appeared to be hurt, however.

Elsewhere in the city, about 500 people were said to have commandeered a subway train. Witnesses reportedly said that when police moved in, the protesters laid on the tracks and threatened to kill themselves.

In the city of Masan, meanwhile, a soccer game was canceled when tear gas fired to subdue a nearby protest rally swept over the field. Angry fans were reported to have torn up the stadium.

Several hours earlier, Mr. Roh had delivered an acceptance speech in Seoul before about 8,000 delegates at a convention of the ruling Democratic Justice Party. He sounded a theme of continuity with the policies of Mr. Chun's seven-year-old government.

He said he was willing to reopen talks with the opposition on constitutional reform, which Mr. Chun suspended in April. But any change, he said, would come only after Mr. Chun steps down next spring and after the Seoul Olympics are held in September.

**Bonn Rejects Extradition Of a Lebanese**

**Many Questions Remain In the Contra Hearings**

**By Lou Cannon**  
*Washington Post Service*

**VENICE** — Chancellor Helmut Kohl of West Germany has rejected a personal appeal from President Ronald Reagan to extradite an accused Lebanese hijacker to face murder charges in the United States, the White House spokesman, Martin Fitzwater, said Wednesday.

Mr. Fitzwater said Mr. Reagan had pressed for the extradition of Mohammed Ali Hamadeh during a private conversation Tuesday night with Mr. Kohl at a working dinner during the economic summit meeting.

He said Mr. Kohl had "agreed" with Mr. Reagan that Mr. Hamadeh should be tried for murder but turned down the extradition request.

Mr. Kohl left "the clear impression" that Mr. Hamadeh would be tried for murder charges in West Germany, Mr. Fitzwater said.

Mr. Hamadeh, a Lebanese Shiite Moslem, allegedly participated in the hijacking in June 1985 of a Trans World Airlines jet and the murder of a U.S. Navy diver who was one of the passengers.

The issue of Mr. Hamadeh has been a sensitive one for the Kohl government because two West German businessmen are being held hostage in Lebanon by extremists reportedly related to Mr. Hamadeh. They have threatened to kill the Germans if Mr. Hamadeh is extradited.

Nonetheless, the Reagan administration had hoped that the West German authorities would agree to U.S. demands for Mr. Hamadeh's extradition.

A Reagan administration legal team met with the West German authorities in Bonn this week in the hope that progress toward an extradition agreement could be made in time for Mr. Reagan's visit to West Berlin and Bonn on Friday.

White House officials said that the West Germans had rejected the U.S. request, apparently out of concern for the safety of Germans held in Lebanon. Mr. Reagan then decided to approach Mr. Kohl directly, the officials said.

Mr. Fitzwater declined to characterize Mr. Reagan's reaction to Mr. Kohl's rejection of the extradition request other than to say, "We

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**By David E. Rosenbaum**  
*New York Times Service*

**WASHINGTON** — With the end of the first stage of the congressional investigation, one crucial question about the Iran-contra affair and several other important ones remain unanswered.

The central question, precisely what President Ronald Reagan knew and did, will not begin to be answered until two central figures, Rear Admiral John M. Poindexter and Lieutenant Colonel Oliver L. North, testify next month.

The next phases of the hearings will also address such issues as whether Colonel North was operating on his own or under orders; whether the idea of selling arms to Iran originated in the Reagan administration or in Israel; whether Colonel North and his retired compatriot, Major General Richard V. Secord, gained financially from their activities; and whether William J. Casey, the former director of central intelligence, played a leading role in directing the matters under investigation.

The first stage of the hearings, ended Tuesday, were devoted primarily to the Reagan administration's dealings with the Nicaraguan rebels. The hearings produced what Representative Lee H. Hamilton, the Indiana Democrat who heads the House investigating committee, called "some of the most extraordinary testimony ever given to the United States Congress."

The testimony documented what the Senate committee's Democratic chairman, Senator Daniel K. Inouye of Hawaii, called a "sad" chapter in the history of American foreign policy.

Thus far, no direct evidence has been presented that Mr. Reagan broke the law. "You can question the man's judgment," said Senator Paul S. Trible Jr., a Virginia Republican, "but there is no evidence of presidential wrongdoing."

Only one person has testified who ever had a private conversation with the president, and that witness, Robert C. McFarlane, the former national security adviser, was never pinned down on exactly what he told Mr. Reagan and what the president said to him.

The legislators and their lawyers promise they will not make the same mistake when Mr. McFarlane's successor, Admiral Poindexter, testifies after the hearings resume June 22.

Still, the McFarlane testimony was explicit enough about the president's meetings with King Fahd of Saudi Arabia and various private contributors to the contra after Congress cut off official U.S. aid that the White House was forced to change its tactics.

The White House line was that Mr. Reagan was unaware of what was happening with the contra, having left that to his staff. The line now is that the president not only knew what was going on in Nicaragua but ordered it and that the law restricting other officials did not apply to the president or his staff.

Whatever the conclusion about the president's knowledge and activities, the testimony left little doubt about these important issues:

- Fundamental foreign policy initiatives and negotiations were conducted by such private citizens as General Secord, who had retired from the air force under an ethical cloud, and his business partner, Allan

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ELECTIONS IN SPAIN — Prime Minister Felipe González of Spain and his wife, Carmen Romero, wait for two nuns to cast their ballots in Spanish elections. Page 8.

**In Airline Cockpits, Manning Issue Flares**

**U.S. Plans Suit to Seize Control of the Teamsters**

**By Axel Krause**  
*International Herald Tribune*

**PARIS** — What appears to be a merely local labor dispute involving France's domestic airline has revived international controversy over whether flight engineers should be assigned to new jets that are designed to be operated by pilots only.

The flareup stems from safety concerns raised by unionized flight engineers and pilots at Air Inter. The crew members are challenging introduction of the new Airbus A320 on Air Inter routes next year.

Union leaders say they plan a fourth protest strike soon, following weeks of disruption of flights in France. The most recent work stoppage occurred at the end of May.

The A320s are among several new planes designed for two-member crews by the West European Airbus consortium and by U.S. companies. They have simplified, computerized cockpits that leave little work for a flight engineer, the builders say. But Air Inter crews warn that eliminating flight engineers will increase the risk of accidents. Flight engineers normally assist pilots in the air and verify that the plane is in good mechanical order before takeoff.

"Regardless of the technology, a third set of eyes and hands in the cockpit of the new planes always insures an extra margin of safety — that is what we are fighting for," said Jacques Celerier, 51, one of Air Inter's 230 flight engineers and a spokesman for the national union of flight engineers.

Bernard Trilling, one of the line's 450 pilots, whose union is supporting the customers except Ansett have accepted a two-man cockpit.

"We are ready to convert the cockpit to a customer's wishes," an Airbus spokeswoman said, "but with the notable exception of Ansett, no one has asked."

Added safety was a key reason in Ansett's decision, according to airline and industry sources.

Ross Alexander, Ansett's public affairs director, said: "It was a management preference, after considering every aspect," including the future of about 100 flight engineers employed by Ansett.

A West European airline executive said that the crucial factor was the opinion of Sir Peter Abeles, Ansett's chairman. "He simply won't board a plane that has less than three crew members," the executive said.

Another example cited by the unions is UTA, or Union de Transports Aériens, France's largest private airline. UTA recently agreed to temporarily assign flight engineers to another new aircraft, the Boeing 747-400, that is designed for operation by a crew of two.

In another case, Orion Airways, a British charter airline, has begun training cabin attendants as "emergency co-pilots" on its Boeing 737s, which also were designed for operation by a pilot and co-pilot. Allen Slater, Orion's chief pilot, emphasized that the attendants cannot replace pilots but are trained "to provide relief" in the event one of the pilots is incapacitated.

Most airlines in the West and all major aircraft manufacturers vociferously reject the safety argument. They cite advanced technology not only in the cockpit of the A320 but also in other new planes that will be on display at the Paris Air Show, which begins Thursday.

"The evidence is overwhelming," said Heino Caesar, director of flight safety at Lufthansa, West Germany's state-controlled airline. "Three men in the cockpit of a plane designed for two simply does not provide any greater degree of safety."

Mr. Caesar emphasized that Lufthansa, like many other airlines, will continue to use flight engineers.

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**By Axel Krause**  
*International Herald Tribune*

**WASHINGTON** — Government lawyers are drafting a lawsuit to take control of the largest U.S. union, the Teamsters, from its executive board on the grounds that it is under the influence of organized crime, a Justice Department official said Wednesday.

Sources familiar with the case said the lawsuit, which is being prepared by a team of Justice Department lawyers with help from the Federal Bureau of Investigation and the Labor Department, is aimed at forcing the 21 members of the executive board out of office, including the union's president, Jackie Presser.

The civil racketeering action, which could lead to a trial and ultimately a decision by a judge or jury, is separate from the criminal trial of Mr. Presser, now scheduled to begin Aug. 10 in Cleveland.

A source said this trial is not likely to affect the timing of the civil suit, which could be filed before the criminal case begins.

Government officials said that the proposed civil action, under the Racketeer Influenced and Corrupt

Organizations Act, would be unusual in its scope. Never before has an entire union been placed in trusteeship by U.S. authorities. The union has 1.7 million members.

Two U.S. officials said that thus far, the government has used the law to place only one Teamsters local in New Jersey under court-supervised trusteeship. The successful suit against Local 560 in Union City, New Jersey, which was controlled by a convicted racketeer, Anthony (Tony Pro) Provenzano, and his brother, Salvatore, is the prototype for the proposed suit against the Teamsters nationally.

For years, evidence has mounted in U.S. courts that the union's leadership has been close to organized crime figures.

An ongoing criminal trial in New York, in which a Mafia leader, Anthony Salerno, and 10 associates are defendants, has featured testimony from a former Teamsters president, Roy L. Williams, and others, that his 1981 election and Mr. Presser's election in 1983 were controlled by Salerno through the union's executive board.

In addition, testimony from a

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# Kinnock: Caught in a Paradox

His Campaign Is Praised, but Thatcher's Support Is Firm

By Howell Raines  
New York Times Service

LONDON — If political campaigns were judged like prizefights, the combative Neil Kinnock might well be ahead on points as Britain prepares to vote Thursday.

On the stump, the Labor Party leader's stinging sarcasm has proved a penetrating weapon against Prime Minister Margaret Thatcher's shield of self-assurance — some would say arrogance. Yet in his party political broadcasts, more polished than Mrs. Thatcher's, he has masked his hot temper and come across as a tenderhearted guardian of the "modern welfare state."

But pure combativeness counts for only so much. Despite Mr. Kinnock's gameness in public, the Labor leadership was given grim news on Sunday in a strategy session presided over by Mr. Kinnock at Labor headquarters. Party strategists reported that there now seems little chance of denying Mrs. Thatcher's core support.

Labor's private polls showed Mrs. Thatcher holding a steady plurality in popular support and headed for a majority in Parliament. The Labor Party deficit was attributed to Mr. Kinnock's non-nuclear defense policy and the party's reputation as a haven of extremists of the "loony left."

So, according to a variety of analysts, Mr. Kinnock seems a politician trapped in a paradox. He is surrounded by praise for his performance as a candidate and his success in portraying Mrs. Thatcher as aloof, insensitive and uncaring. But his party remains stymied by the firmness of Mrs. Thatcher's support and by Mr. Kinnock's fail-



Neil Kinnock, speaking at the final Labor Party news conference on Wednesday before the general election.

ure to expand his appeal beyond Labor's natural base.

On the personal side, this campaign "has gone brilliantly" for Mr. Kinnock, said Anthony King, a political scientist at the University of Essex. "His standing with the public has gone up," Mr. King said. "The trouble is that his appeal has been mainly, although not exclusively, to Labor voters. He's mobilized traditional Labor voters, but he hasn't had a huge success in converting other voters."

The public opinion polls bear out the point. Mr. Kinnock has rallied Labor's percentage to the mid-30s in the public opinion polls, well above the party's dismal 1983 showing of only 27.6 percent of the national vote. The Conservatives have been at 42 percent to 45 percent in the polls, about where they were in 1983 with 42.4 percent.

Labor seems headed for a strong second place showing. According to most analysts, that will strengthen Mr. Kinnock in three ways for the future. First, by leading Labor to a gain over the 209 seats it won in 1983, Mr. Kinnock will tighten his shaky hold on the Labor leadership.

Second, such a showing will also fortify Labor, at least temporarily, in its battle with the Alliance parties, the Liberals and Social Democrats, which are trying to supplant Labor as the main opposition to the Conservatives.

Third, by taking the fight to Mrs. Thatcher, the Labor leader has gone a long way toward correcting his image as a political lightweight and established himself, at age 45, as a serious contender for the top job in future campaigns.

But analysts add that his long-term chances now depend more

than ever on his ability to address the factors that have put such a firm ceiling on Labor's support this year. That means moving the party toward the center and somehow twisting free of the wreckage of his unpopular defense policy.

So far in this campaign, Mr. Kinnock has rejected all efforts to get him to make a last-minute modification in his call for removal of United States nuclear forces from Britain and abandonment of Mrs. Thatcher's plans to modernize Britain's independent nuclear deterrent through purchase of Trident submarines from the United States.

But in an interview on Tuesday in The Times of London, Mr. Kinnock appeared to lay the groundwork to adjust his policy in the future. He simultaneously denied the widely held view that his stubborn devotion to unilateral disarmament was costing Labor the election and also suggested for the first time that he could accept a change in Labor's position after the election.

"Of course, I could lead a Labor Party that didn't have a full commitment to stopping Trident and using our resources in a different way," he said. "It isn't my stubbornness or single-mindedness that is inhibiting the party in any way at all. It's the fact that as a country we have to make a choice between becoming more dependent on nuclear weapons at a cost of reducing the necessary commitment to the army, navy and air force."

To address Labor's image as a party of radical leftists, political associates say, Mr. Kinnock may move after the election to institute one-man, one-vote rules that would make it harder for Labor's "hard left" to control candidate-selection procedures at the local level.

On the tactical side, Mr. Kinnock has given Labor its first modern, television-oriented campaign. But he has not carried out a similar modernization on the ideological side, and some commentators contend that he has reached the limits of cosmetic change.

The polls show that he has rallied the old working class vote, but made few inroads into the middle class vote that has become increasingly dominant in British politics.

"One of the things one needs to bear in mind about Neil Kinnock," said Mr. King, "is that in image and personal style he's very modern, but in the content of his political views, he's a very traditional, not to say old-fashioned, Labor leader."

Others disagree, saying that even Mr. Kinnock's hidden agenda is the modernization of the Labor Party. In this view, even if he does not wind up as prime minister this year, Mr. Kinnock has, by rallying the party faithful, won the right to try to carry the party and himself toward the center in the next election.



ARAB STRATEGY ON OIL — Oil ministers of the Organization of Arab Petroleum Exporting Countries met in Damascus on Wednesday to plan oil policy. Three of the ministers talking before the conference are, from left, Ali Khalifa Al-Sabah of Kuwait, Mana Saeed Oteiba of the United Arab Emirates and Hisham Nazer of Saudi Arabia.

## Sweden Says Peer and Public Pressure Were Critical in Curbing Drug Abuse

By Steve Lohr

New York Times Service

STOCKHOLM — During her trip to Sweden this week, Nancy Reagan, America's best-known drug fighter, has viewed one of the most comprehensive and effective national efforts in the world to combat drug abuse.

In some respects, the Swedish approach is far different from that in the United States, especially in terms of the much larger government role and the higher public spending on drug programs.

But other elements of Sweden's method, notably the strong emphasis placed on marshaling public and peer group pressure against drugs, strongly mirror Mrs. Reagan's efforts and her "Just Say No" campaign in America.

In the 1980s, Sweden has been able to cut in half the number of its teen-agers who have tried drugs, according to surveys of high school students and military conscripts.

Sweden's drug policy is tough and sweeping. It also appears to have broad-based support among the nation's people. In opinion polls, drug-abuse control consistently has ranked as one of the top issues of public concern for government attention.

"In Sweden, the success we've had with the drug problem is because we've really made it a national priority," said Hans Lundborg, the coordinator for drug policy at the Health and Social Affairs Ministry. "Good intentions have to

backed up with action, by the government and everyone else."

Indeed, the cornerstone of Sweden's drug-abuse prevention drive is to make sure that all kinds of groups are involved in the effort, including children, parents, teachers, churches and municipalities. Despite its reputation as a permissive society, Sweden takes a hard line on drugs. The deterrent measures include the threat of taking babies away from young mothers who are addicts and selective urine testing of high school students. There is little worry about possible infringements of individual liberties.

The rationale was explained to Mrs. Reagan on Monday when she visited a community drug program in Upplands Väsby, a town 14 miles (22 kilometers) northwest of Stockholm with a population of 34,000. "It should be difficult and risky to use drugs," said Vanja Edvinsson, chairman of Upplands Väsby's social welfare authority.

"The kids tell us that urine testing is helpful in dealing with their

peers," said Ulric Hermansson, director of the Upplands Väsby program. "They are able to say, 'If I use drugs, people will find out.'"

While visiting a drug treatment center for young mothers on Tuesday, Mrs. Reagan asked a former addict and graduate of the program if she had joined voluntarily. "Yes," replied Gilla Johansson, "I had to choose either to have my son taken away or move here."

Most treatment programs in Sweden are strict and shun medical therapies, in contrast to some European countries where doctors prescribe narcotics to addicts. Instead, Sweden employs counseling and therapies that typically call for hefty doses of hard work, self-discipline and discipline.

Moreover, the Swedes prefer compulsory treatment programs to jail sentences for drug abusers.

There are about 14,000 drug addicts in Sweden, a nation with a population of 8.3 million. In New York City alone, whose population is slightly less than Sweden's, there are estimated to be 200,000 people addicted to narcotics, according to the New York State Division of Substance Abuse.

Even the composition of Sweden's drug problem is very different than in the United States. Most of Sweden's drug addicts take amphetamines, for instance, and Sweden has no real cocaine problem. By contrast, about six million Americans have used cocaine at least once in the last 30 days, according to a survey for the National Institute on Drug Abuse.

Per-capita national spending on drug programs is twice as high in Sweden as in the United States.

## WORLD BRIEFS

### Soviet to Try Chernobyl Plant Officials

LONDON (AP) — Three top officials of the Chernobyl nuclear plant will go on trial July 5 for alleged criminal negligence. The Times of London reported Wednesday. It said the trial would be held in Pripyat, the town of 50,000 that was evacuated after the explosion at the nearby Chernobyl plant on April 26, 1986.

The newspaper's Moscow correspondent, Christopher Walker, wrote that Alexander Kovalenko, a Soviet official, had told him during a visit to the Chernobyl site that a judge from the Soviet Supreme Court would hear the case.

To be tried are Viktor Bryukhanov, who was dismissed as director of the plant; N. Fomin, the chief engineer who also was dismissed; and Mr. Fomin's deputy, whose surname is Dyatlov. The Times said. Their full names have not been published in Soviet media.

### Extradition of Ex-Casino Chief Sought

PARIS (AP) — A French court asked Wednesday for the extradition from Curaçao of the former head of a Nice casino wanted since 1980 for fiscal and customs infractions.

Jean-Dominique Fraton, who once ran the Casino Ruhl, was arrested Tuesday by the police in Curaçao when he tried to board a plane for Costa Rica. In an effort to elude the French authorities, Mr. Fraton fled to Switzerland, where he was expelled, and then to Santo Domingo, where his citizenship papers were revoked, before he moved to Curaçao.

Mr. Fraton was convicted and sentenced as a fugitive in 1980 to a 13-year prison term for fiscal and customs violations. He is now wanted for customs fraud, infractions concerning overseas financial dealings and infractions of the law governing companies in France.

### News Agencies Biased, Mugabe Says

HARARE, Zimbabwe (UPI) — The world's major news agencies have become politically blinkered and biased and can no longer distinguish between the truth and lies, Prime Minister Robert Mugabe charged Wednesday.

Opening a meeting of information ministers of the Non-Aligned Movement, Mr. Mugabe called for the rapid introduction of a new world information and communication order that would lessen Third World dependence on Western news agencies.

### Ex-CIA Agent Promotes Latest Book

NEW YORK (AP) — Philip Agee, the former CIA agent and agency foe who now lives in self-exile in Spain, has returned to the United States and said he plans to remain for another few weeks despite the risk of prosecution.

Mr. Agee, whose U.S. passport was lifted in 1979 after he disclosed the names of key overseas employees of the Central Intelligence Agency, said he has been back in the United States since Sunday. He spoke on the street outside a Manhattan television studio after appearing on a program to promote his new book, "On the Run."

He said he had returned without any understandings about whether he would be arrested for entering the United States without a U.S. passport and was "going about my activity in normal fashion." He visited his parents, whom he had not seen in seven years, in North Carolina, he said. He added that he would be returning to his wife in Spain eventually.

### For the Record

The referendum in New Caledonia on the future status of the French Pacific territory will be held Sept. 13, the minister for overseas territory, Bernard Pons, said in Paris on Wednesday. (AP)

A French court released a Romanian-born woman, Antonetta Manole, implicated in trying to steal secrets about the Ariane rocket, but ordered the continued detention of Pierre Verdier, an official in a government statistical office. Charges against Mr. Verdier's wife, Lyudmila Varygina, a Soviet citizen, and a French journalist were dropped Friday. (Reuters)

## TRAVEL UPDATE

An air service between Ivory Coast and Canada is to be opened before the end of the year by Air Afrique and Air Canada, official sources said Wednesday in Abidjan. (AP)

French air controllers have decided to continue their strike, which has disrupted air travel on weekday mornings in France for the past two months. They are seeking improved pension benefits. (AP)

About 200 British customs officers walked off their jobs at the English Channel ports of Dover and Ramsgate on Wednesday night in a pay dispute. "Our walkout is for an indefinite period of time," said Jim Feeley, Dover branch secretary of the Society of Civil and Public Servants. (AP)

## INTERNATIONAL POSITIONS

An international organization located in Luxembourg requires (m/f)

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## Emergency Is Renewed By Botha

CAPE TOWN — President Pieter W. Botha of South Africa renewed a year-old national state of emergency decree on Wednesday.

In a brief statement, Mr. Botha said he had already signed the new emergency decree, but he did not disclose whether it differed from previous regulations or how long it would last. Under the previous emergency order, thousands of South Africans were detained without trial and sweeping media censorship was imposed.

There had been speculation that Mr. Botha would take the opportunity to strengthen the censorship restrictions recently struck down by the Supreme Court.

The government has also threatened new action against black trade unions and extra-parliamentary groups in the forefront of the campaign against apartheid.

Mr. Botha said the renewed state of emergency would help the government in its plans to change apartheid.

He made the announcement to Parliament about 24 hours before the emergency decree was due to expire.

The emergency decree, imposed to clamp down on political unrest that has left 2,500 people dead in black townships, has resulted in a sharp decline in violence. Mr. Botha told Parliament, however, that emergency rule was still needed to contain political unrest.

"If these regulations were no longer in force the most serious and extreme danger would exist that there will again be an escalation of internal violence," he said.

Mr. Botha, 71, delivered one of his strongest attacks on the African National Congress, rejecting any idea of negotiating with the guerrilla organization.

The president, in power almost a decade, won a landslide victory in last month's whites-only election.

## DEATH NOTICE

Marianne WATTS DeWOLF  
Wife of Captain M.M. DeWolf  
USN-Retired  
Died June 1 at her home  
Casa del Molina Viejo,  
El Cuartón, Terrill,  
Province of Cadix, Spain.  
Phone number: 34-56-664-0000



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# Herald Tribune

Published With The New York Times and The Washington Post

## Getting Smart in the Gulf

It's time to get tough in the Gulf, says the Reagan administration. Beyond keeping warships on patrol, it wants to put the American flag on Kuwaiti oil tankers and thus assert American protection. And it threatens retaliation if Iran deploys Chinese-made Silkworm missiles against American-flagged vessels and warships.

It should be possible to make a sound, consistent case for such moves, however risky, and to attract Congressional, allied and public support. But the administration has not even begun to fashion a policy that relates plausible ends and means.

The suspicion lingers that the rush to act in the Gulf springs from a desire to expunge the folly of sending arms to Iran for hostages, rather than from a coherent plan.

President Ronald Reagan is inconsistent on ends. On one day, he gives to score Americans with rhetoric about long lines at the gas pumps because of imperiled oil supplies. But with a glut in world oil, temporary disruptions of tanker traffic in the Gulf would be no cause for war. Some days Mr. Reagan and his aides justify their actions as necessary to combat Soviet influence. At still other times, they speak of the need for cooperation between America and the Soviet Union in the Gulf.

Then, on Tuesday, at the Venice summit meeting, Mr. Reagan won allied support for the principle of protecting freedom of navigation. But how plausible is that motive? It's Iran, not Iraq, that attacks most of the shipping, yet the president proposes no military response against Iran.

The administration's means are no more persuasive than its ends. Why is it necessary to protect Kuwaiti ships by giving them American flags? Moscow takes the far less risky step of allowing Kuwait to charter

Soviet vessels. How can Reagan administration officials speak of the great risks to American ships in the Gulf, and then emphasize that Iran would not dare to attack? Can American warships defend themselves against the Silkworm missiles or can't they?

The trouble with all this confusion on means and ends is that it fizzes over the very real interests the United States has in the Gulf. If it wants to be taken seriously in negotiations between moderate Arabs and Israelis, and between Iran and Iraq, and in the struggle against Islamic revolutions and terrorism, and in global rivalry with the Soviet Union, the United States must be prepared to take risks in the Gulf.

But the stakes are not so large that any price must be paid. The Congress and the public simply aren't going to increase American risks in the Gulf until they are convinced the president knows what he is doing.

Finally, the administration seems to have generated some diplomatic activity, as in trying to energize the United Nations. Yet the chances for peace remain low, and those for violence climb higher still.

America could well end up in some kind of armed action against Iran, leaving Moscow free to condemn it, and court the Iranians. All the more reason not to get too far out in front of Moscow in military measures, and to explore tacit cooperation. At least in the short run, some Soviet interests parallel American interests. For example, Moscow might urge North Korea and Bulgaria to cut off or reduce arms sales to Iran.

Until the administration presents a plausible policy and gains the necessary backing, it would be unwise to extend American commitments to anyone else's ship—or to engage in any further military buildup.

—THE NEW YORK TIMES

## Methadone Versus AIDS

AIDS tests for immigrants and federal prisoners: that's the Reagan administration's response to the epidemic so far. They are defensible steps but mainly symbolic. If the administration is serious about fighting AIDS, it could do so far more effectively, starting now, with methadone.

The most sensible place to combat spread of the disease is among those most at risk: homosexuals and needle-drug abusers. Homosexuals, responsive to appeals to common sense, are practicing safer sex. For drug abusers, methadone could make an immediate difference. Heroin addicts now account for more than 30 percent of AIDS cases nationally, 36 percent in New York City. The disease spreads as they share needles; they also transmit it to sexual partners and children. But how can self-destructive heroin addicts be reached?

Methadone, a drug that blocks heroin craving while allowing the addict to lead a normal life, has rescued tens of thousands. Half of New York City's 200,000 heroin addicts are believed to carry the AIDS virus. Methadone clinics now free 34,000 from their need. Thousands more might be helped if methadone were more freely available.

It takes hard work — criminal or not — to finance a \$100-a-day heroin habit. Many addicts seek ways out of the trap. Nearly 1,000 are now on the waiting list for methadone in New York City alone. Each round of openings generates a flood of new applicants. Why not throw open the gates?

Because of federal regulation. The Food and Drug Administration requires one counselor for every 50 methadone patients. State rules may also require nurses and social workers. Existing space won't accommodate more staff, yet new space would generate fierce neighborhood resistance.

—THE NEW YORK TIMES

## Confusion on U.S. Aliens

These are confusing times for aliens in the United States. Many millions of undocumented workers in the country were expected to apply for amnesty under the terms of the immigration law passed last year. So far, the numbers have been disappointing, perhaps because some aliens do not understand the details of the program and others fear the consequences of coming forward. All need to be reassured and encouraged.

Congress understood that some would-be applicants would be reluctant to present themselves to immigration authorities for fear of being rejected and deported. So important provisions were added to the law. The first authorizes a network of non-government agencies — churches, social welfare groups, ethnic organizations — to accept applications and to do the initial paper work. The second forbids the use for any other purpose of information learned through an amnesty application. This protects against criminal charges for using false papers to get a job, for example, and against deportation based only on this kind of information.

Most recently, aliens hoping to qualify for amnesty have faced new problems. Some have been fired from jobs held a long time because employers believe they will be penalized for hiring illegal. The catch here is that an applicant must show he is self-supporting to qualify for amnesty. Employers are being reminded by the Immigration and Naturalization Service that they need not fire workers hired before the law was passed in November. And, fortunately, in tough cases where an applicant can show a steady work

history interrupted only because of an employer's misunderstanding of the law, an INS spokesman says, the government "will give applicants the benefit of the doubt."

AIDS testing is another worry. U.S. immigration laws have traditionally barred admission of those who have contagious diseases, and newly announced regulations make clear that this restriction will be applied to those who carry the AIDS virus. Applicants for amnesty will be tested and, under the law, those who have the AIDS virus will not qualify. But the attorney general has given assurances that such people will not be deported because information about their medical condition learned during the amnesty process cannot be used to penalize them.

Much public and private energy has been devoted to helping aliens who will qualify for amnesty. It is sadly true, however, that there will always be some who prey on the desperate, who seek to exploit their vulnerability. This week, in Brooklyn, 21 private security guards, and six others who helped them, were arrested and arraigned on charges of extortion. They had, it was alleged, engaged in a scheme to coerce individuals awaiting deportation who had been placed in their custody. It was charged that large money payments and sexual favors were demanded in exchange for arranging an alien's escape and that food was withheld from those who refused to cooperate. Abuse of people who are so desperate and so vulnerable by those in authority is despicable. If the charges are proved, the punishment should be severe.

—THE WASHINGTON POST

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92000 Neuilly-sur-Seine, France.  
Tel.: (1) 46.57.91.00. Telex: Adversant 613595; Circulation 612832; Editorial 612718; Production 630698.  
Directeur de la publication: Walter W. Hubner.  
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## OPINION

# At Halftime of the Hearings, Reagan Is Losing Badly

By James Reston

WASHINGTON — The first phase of the Iran-Contra hearings have drawn to a close, and from the Reagan administration's viewpoint it has been a disaster.

The next phase, tentatively scheduled to start June 22, will feature Lieutenant Colonel Oliver North and Rear Admiral John Poindexter, the absent witnesses. But whatever they say can scarcely be more damaging to the administration than the disclosures of the first six weeks.

At the start of the hearings, Congress was concerned about what it didn't know. Now it is not only worried but angry about what it does know. For the record is now clear on the following undisputed facts:

- President Ronald Reagan did approve the shipment of arms to Iran after imploring the Soviet Union not to do so.
- He did try to swap arms for hostages while denying that he was.
- Documents on the arms sale to Iran and the transfer of money to the Nicaraguan Contras, in violation of the Boland amendment and the intent of Congress, were altered, shredded and smuggled out of White House files in an effort to cover up evidence and obstruct the investigation.
- Assistant Secretary of State Elliott Abrams

misled Congress about his solicitation of \$10 million from Brunei for the Contras.

- Albert Hakim, the secret financial organizer of the arms deals, suggested to Colonel North's wife that \$200,000 would be provided for the education of the North's children.

These were the main points of the first phase, which included a bizarre tale of forged documents, easy access without security clearance for Mr. Hakim and his partner, retired Major General Richard Secord, into the situation room of the White House, and even a suggestion by Mr. Hakim to the Iranians that the United States would take military action against the Soviet Union if that country invaded Iran.

All this has poisoned relations between the Reagan administration and Congress at the beginning of the president's last two years in office and at the start of what promises to be a bitter presidential election campaign.

Not since the constitutional crisis over Watergate in the Nixon administration has there been such a political uproar in Washington, with the difference that these scandals have not only raised

charges of obstruction of justice but have involved the more serious question of who was conducting the foreign policy of the United States.

There can be no doubt that the testimony so far has not only shaken the trust of Congress but of U.S. allies. Their intelligence sources were used and involuntarily disclosed by Colonel North's manipulations at a time when they were anxious about the entry of Soviet agents into the U.S. Embassy in Moscow.

No doubt the second phase of the hearings, with Colonel North and Admiral Poindexter, will focus on what authority they had for their clandestine operations — in short, whether Mr. Reagan knew or didn't know what they were doing, whether he authorized them or merely created an impression of consent that encouraged them to do what they liked.

In the minds of at least some influential members of the select investigating committee, it now seems almost irrelevant whether the president knew or didn't know. For they are sure of at least one thing:

That the administration acted with contempt for Congress if not for the law, and avoided the principle of accountability for its actions.

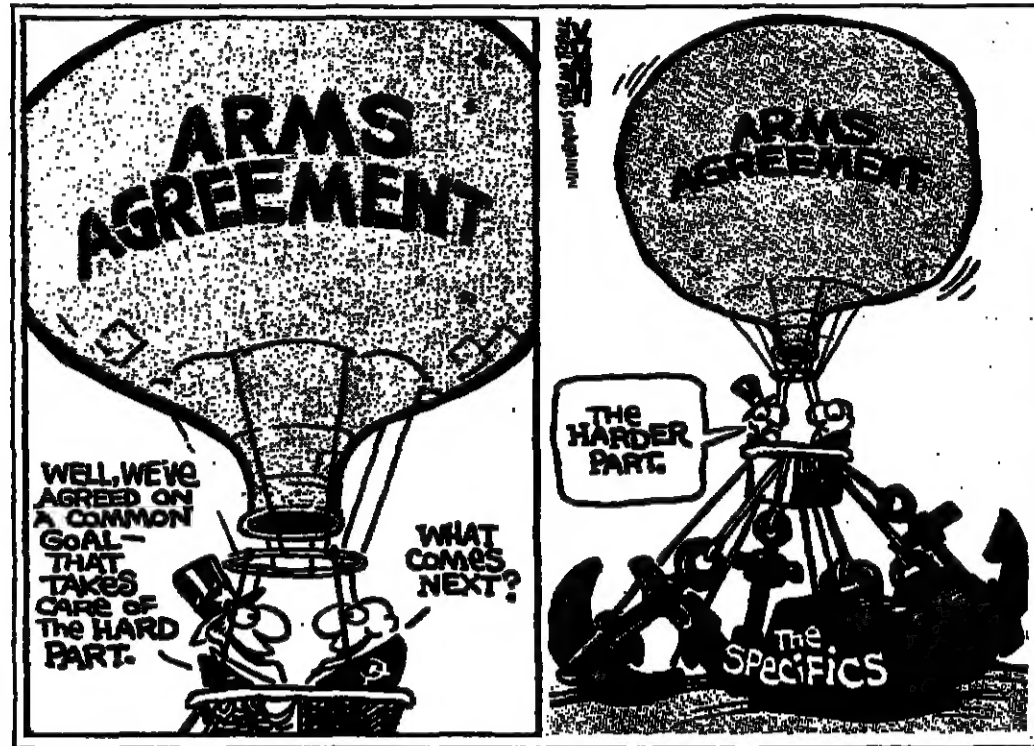
When the hearings began, the Senate committee chairman, Daniel Inouye, a Democrat of Hawaii, asked: How could all this have happened here? At the close of the first phase, the chairman of the House investigative committee, Lee Hamilton, an Indiana Democrat, asked: "How can we prevent it from happening again?"

"What we have heard," Mr. Hamilton said, "is a depressing story. It's a story of not telling the truth to the Congress and to the American people. It is a story about remarkable confusion in the processes of government."

He asked the questions that will dominate the second phase of the inquiry: Who supervised Colonel North? Who was responsible for U.S. funds and the sale of U.S. arms? Who asked whether the actions taken were lawful? He might also have asked how many more Iraqis were killed by the arms that were sent to Iran.

And the committee will want to hear especially from Secretary of State George Shultz, who has been remarkably quiet about the strange actions taken on his watch.

The New York Times



## The Debate Over Missiles Is Heard Loudly in Europe

There Are Critical Choices as Italy Votes

By Enrico Jacchia

ROME — With parliamentary elections in Italy set for June 14-15, most of the candidates say that the choices facing the West European governments on nuclear armament are critical ones.

The Christian Democrats are well aware of the price Chancellor Helmut Kohl's party in West Germany paid for dragging its feet on the missile issue. Foreign Minister Giulio Andreotti, a Christian Democrat, openly favors the so-called double-zero option proposal, though it is not clear whether all in his party share that attitude.

Stating the Socialist position, former Prime Minister Bettino Craxi said, "On a technical level the debate may continue, but politically it will be unresolvable to give up the chance of eliminating nuclear weapons from Europe."

The Communists have campaigned strongly for a nuclear-free Europe. They recently scored a point by publishing in the party newspaper, L'Unità, a full-page interview with Mikhail Gorbachev. The Communists now miss no opportunity to quote the Soviet leader's statements on arms control.

While all the political parties accept Mr. Gorbachev's proposal on medium-range weapons, they differ on eliminating shorter-range missiles of 300 to 600 miles, or 500 to 1,000 kilometers, and so-called tactical, or battlefield, nuclear arms. And most Italian appear unworried by an issue that does not seem to affect the peninsula the way it would affect West Germany.

ny, in particular, if war broke out. The lack of consensus within NATO has been confusing, too. Not since the alliance was formed has Italy faced a strategic issue pitting old-time allies such as France and, until recently, Britain on one side against Moscow and Washington on the other.

Although a compromise is probable in the end, the European allies have been so divided that a likely victim of the debate will be the concept of an independent European nuclear force — a force putting European fingers on the buttons that would set off European nuclear weapons.

While security has not been a central issue in Italy's electoral campaign, it will be a serious concern of the government that comes out of it because the entire framework of European stability, and therefore security, is rapidly changing.

The press here has abundantly reported, and almost generally dismissed, reports by some German newspapers that Mr. Gorbachev might dramatically enrich his proposals for conventional disarmament with a final prize: the renunciation of Germany. The Italian public and the politicians are not prepared for such a change in the status quo that ensued from Yalta. But although it may be dismissed as unrealistic, and denied by Mr. Gorbachev himself, it continues to cast a shadow, if only for the fact that it has been mentioned.

International Herald Tribune

It's Time for a Common Defense Market

By Gay M. de Vries

THE HAGUE — The current debate on the role of nuclear weapons in protecting Western Europe has again highlighted NATO's weakness in conventional defenses.

An East-West agreement to eliminate longer-range intermediate nuclear weapons and to significantly reduce shorter-range systems will leave the West more vulnerable to the Warsaw Pact's conventional superiority. Even under a past made conditional on Moscow accepting new cuts in its conventional forces, NATO would have to pay more attention to its non-nuclear needs.

But with the notable exception of France, which has just agreed on a \$71 billion five-year military spending plan, European arms budgets appear to have reached political ceilings at the same time as technological innovations are pushing up the costs of modern weaponry. With costs multiplying and budgets stagnating, the European allies risk engaging in structural disarmament. Coerced through multilateral production programs has been only a modest success. National military markets remain highly protected. The European market is fragmented and economies of scale are hard to achieve.

It is time the 12 nations of the European Community embarked on an ambitious program to create a common arms market. A strong case for such was made recently in a report commissioned by the Independent

European Program Group, or IEPP, the forum in which NATO's European members discuss arms collaboration. It found that the manufacture of European military equipment can be made more competitive by subjecting it to normal market forces.

The report identifies critical areas of weakness in European military technology, particularly in electronics, new materials and systems engineering. Because of its fragmented market, moreover, Europe is less competitive than its technology base would suggest. Even where the United States lags in research, for example, its more market-oriented industry is able to make up the gap in the development cycle and place a piece of equipment or a system on the market before its European competitors can. To change this, several initiatives must be taken.

European public funding of military research and development now runs at about one-third of U.S. spending. The Strategic Defense Initiative program will tilt the balance further. To narrow the gap, Europe must obtain better value for its money.

There is considerable overlap between IEPP research projects and EC civilian research and development programs. Regular contacts should be established to avoid duplication.

Second, a military equivalent is needed of ESPRIT, the highly successful European Scientific Program for Research and Technology that is financed and run on a 50-50 basis by the EC and industry. An extension of IEPP's work with direct private-sector involvement, and the earmarking of military research funding for joint programs, should be feasible.

Article 223 of the Treaty of Rome exempts a long list of military and semi-military equipment from the treaty's free-trade provisions. Many of the products listed could be brought under EC public procurement rules.

Progress in removing remaining trade barriers in the civilian sector is of major importance to the European arms industry. In an important amendment to the EC's founding treaty, governments agreed in 1985 to maintain the technological and industrial conditions necessary for their security. It is time to put these words into action.

The writer, a Dutch member of the European Parliament, contributed this to the International Herald Tribune.

## Blame the Arabs for Mideast Impasse

By Hyman Bookbinder

WASHINGTON — It is simply mind-boggling to me that Stephen Rosenfield (on June 8 in the International Herald Tribune) can write a column on the 20th anniversary of the Six-Day War and not even mention the Camp David accords and the resulting Egyptian-Israeli peace treaty. If he had, and if he had acknowledged the historic significance of that breakthrough, he could not have suggested, as he did, that responsibility for the present impasse — one I believe as much as he does — is attributable to Israeli intransigence, American indifference and domestic politics.

Mundane and unsurprising as it may be to so state, the fact is that the underlying cause for the tragic impasse remains what it has been for all the 40 years of Israel's existence: the unwillingness or inability of Arab leaders or Arab nations to declare without ambiguity that Israel's presence as a Jewish state is legitimate. In the single significant exception to that Arab resistance — Sadat's historic visit to Jerusalem and the resulting peace treaty — Israel demonstrated how much it is willing to do in order to achieve peace. And in the earlier engagements with Syria and Egypt, even though Israeli recognition and formal peace were not explicitly achieved, Israel had shown readiness to withdraw from the promise of peace.

It is, of course, true that the principal issue today is the Palestinian problem. But it didn't have to be. It is now nine years since Camp David opened up the possibility of some real improvement in the welfare and governance of the Palestinians. If there had not been the Arab states' and the PLO's hostility to the Camp David option, Palestinians could today be enjoying the seventh or eighth year of

increasingly comprehensive autonomy — or even better than that if the first years of autonomy had demonstrated peaceful intentions of the Palestinian leaders in the West Bank and Gaza.

But these last years have made an accommodation much more difficult, although hopefully not impossible. Every additional day or month or year of delay only adds to the difficulty.

Each time the Arabs said "no" to Israel it meant also "no" to Palestinian self-determination.

culty, as new "facts" are created, as tensions mount, as willingness to compromise erodes.

The current debate, in the United States and in Israel, about the wisdom or usefulness of an international conference is a sobering reminder of the difficulties that stand in the way of what seems an eminently sound and timely proposal. One must wonder, and worry, whether years from now we will look back and consider rejection of such a conference as one more "lost opportunity" for resumption of the peace process and resolution of the Palestinian problem.

Having just completed work on a book that reviews the history of Arab-Jewish affairs, I am painfully aware of the many opportunities in the past that could have resulted in meeting

legitimate Palestinian aspirations, but in every case it was Arab rejectionism that made them too opportunities.

- In 1917, implementation of the Balfour Declaration could have resulted in a Palestinian state along with a Jewish state.
- The 1937 Peel Commission recommendations, reluctantly accepted by the Zionists, would have led to a Palestinian state.
- The 1947 Partition Plan provided for a Palestinian state.
- During 19 years of Jordanian rule of the West Bank (1948-1967), it was up to the Arabs to permit a Palestinian state.
- The 1967 Khartoum Summit ruled out Arab recognition of Israel and with it the possibility of Palestinian self-determination.

Each time the Arabs said "no" to Israel it meant also "no" to Palestinian self-determination. If today this seems impossible to achieve, blame should be placed where it belongs.

Mr. Rosenfield places the blame on "extraordinary American defiance" to Israel. America has indeed been generous and otherwise supportive of Israel, but it has never stopped seeking out and working with Arab leaders willing to contribute to the search for peace. Small wonder that the policy of "special relationship" with Israel has commanded the broadest bipartisan support of Congress and the American people of all the foreign policy challenges we have faced for decades. Small wonder that it was able to make Camp David possible. And it is still the only major nation in a position to get the peace process moving again.

The writer, a special representative of the American Jewish Committee, contributed this to The Washington Post.

1912: Marines to Cuba  
SANTIAGO, Cuba — A company of American marines guarding the El Cuero mines was attacked at one o'clock in the morning [June 11] by the insurgents, who were repulsed after considerable firing. There was no casualty among the marines, and the loss of the insurgents is not known. WASHINGTON — [More] U.S. marines will be available for service at Havana before noon today [June 11]. The cruiser Washington and the battleship Rhode Island are expected to make the run across Florida Straits to the Cuban capital within six hours.

President W.H. Taft believes he has ample authority for intervention. In view of the Platt amendment intervention in Cuba is not war, but merely police duty on the island. Reports from Cuba describe the situation as unchanged, with the negroes continuing to plunder property.

1937: Earhart in Africa  
GAO, Central Africa — Amelia Earhart arrived here from Dakar at 2:40 P.M. local time [on June 10], after a flight of 1,100 miles across the desert. She took off from Dakar at 6:55 A.M. Greenwich mean time, covering the stretch to Gao in six hours and 55 minutes. Miss Earhart followed the Niger Valley after leaving Dakar and passed over Bamako shortly before noon. Thence she flew to Timbuctoo and on to Gao. Her flight was hampered by terrific heat of a thousand feet and rendered visibility poor throughout the day. If the weather is favorable [on June 11], Miss Earhart will continue her short-cut across the heart of the continent via Fort Lamy and Khartoum. Otherwise, she is likely to fly to Algiers and the Mediterranean, thence eastward.

## IN OUR PAGES, 75 AND 50 YEARS AGO

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June 11, 1987



## OPINION

# The Latest Bulletin on AIDS: The Problem's Gotten Worse

By William F. Buckley Jr.

NEW YORK — Many newspapers have what amounts to an AIDS page every day. The disease is moving in on all fronts, and there is proposed legislation to discuss on Monday, new experiments in treatment on Tuesday, a discussion of what it really was that someone died from on Wednesday, and on and on. From time to time it pays to collect these data and chart where we are going with them. Here is the current scene.

In the matter of testing, it is increasingly clear that the United States is moving toward universal testing. Exactly what "universal" means will be an empirical

question in part, but an empirical question whose edges are deeply informed by diplomacy and the desire for privacy.

But consider the rapidity of the change in public sentiment. Less than a month ago a bill in the Senate to require testing for immigrants (and those seeking wedding licenses) was defeated 2-10. A couple of days ago the Senate passed a bill requiring testing for immigrants unanimously.

## ON THE RIGHT

President Ronald Reagan, in his speech last month, asked for testing in four categories: the first, immigrants; the second, federal prisoners; the third, patients being treated for drug abuse and sexually transmitted diseases; the fourth, applicants for marriage licenses. We know that the test is compulsory in the U.S. armed forces, and we know that public health agencies came out a year ago in favor of testing of high-risk groups, together with a program to inform sex partners of those who register positive that they may be carriers of the virus.

Meanwhile, in drabs and drabs, we are reminded of the dimensions of the problem. Professor Stephen Gould of Harvard University has written about a possible 25 percent depopulation of the globe. Recently there was news of three nurses who acquired the virus by exposure to diseased blood. And — to volunteer a scarcely believable prediction, but one given me by a non-volatile student of the problem — it may prove difficult five years hence to engage medical attention for those who have AIDS. Her point (she is on the board of a hospital in Providence, Rhode Island) is that mysteries of

communicability are increasing rather than decreasing, and that the social indices thus point toward quarantine.

Meanwhile, we get some specific data. The cost of testing is about \$30 per test. If a test registers positive, a second is administered. There is a very remote possibility that the second test will go negative, that the first was a false alarm. But if the second test is positive, a third is generally administered. And the indications at the moment are that there is a zero chance that the third test will be negative if the first two are positive.

Using rough figures, the cost of testing the 250 million people in the United States would be \$12.5 billion. But we are nowhere near developing the facilities for testing on so wide a scale. In San Francisco and Los Angeles and certain other cities there is a three-month wait for a test. If everyone were tomorrow to resolve that tests should be administered to everyone between the ages of 13 and 60, it would take months and months before it were possible to proceed, and more than \$12.5 billion to mobilize medical resources to do the job.

But the question is less and less "Should we test?" than it is "What do we do, having tested?" For instance, if we proceed to demand of potential immigrants not only that they test for five venereal diseases, infectious leprosy and active tuberculosis (the present U.S. requirements) but also for AIDS, what do we do with Pierre Lafite in Marseilles who registers positive? Well, we tell him sorry, he can't come live in the United States. But do we then tell Mrs. Lafite what we have discovered about her husband? Do we tell the French government? The quick answer is hell no, we've taken care of our own interest, and the privacy priority should now assert itself. But is this the way to treat the French — to disguise from the French community the knowledge that we have identified a carrier who may be transmitting the disease to other Frenchmen?

We do not know the figures and they are hard to come by, for obvious reasons. But for every 10 who want to be tested for AIDS to ascertain whether they have it, there are 22 or 107 or 207 who don't want to be tested on the ground that a positive result would ruin them psychologically. This would change if early discovery led to treatment that might cure, as early discovery of cancer increases the chances of survival.

It is as rough a problem as a democracy has ever faced. Stay tuned, and read the AIDS page every day.

Universal Press Syndicate



AIDS anti-body

# The Heartbeat of America Is Fluttering

By George F. Will

NEW YORK — From her office at the foot of the street of dreams, No. 1 Madison Ave., Faith Popcorn can see a few years ahead. That is why Brain Reserve, the company she founded 13 years ago, is coming money. She is a trend detector and today she sees a future full of women with hips, men with martinis, and microwave meatloaf.

If Ms. Popcorn is right, and she has prospered by being so in the service of

## MEANWHILE

corporations eager to anticipate consumer whims, America's heartbeat is fluttery. She paints a melancholy picture of the national mood as revealed in its buying.

Americans are, it seems, nearly neurotic about the supposed fragility of their health, fatigued to the point of making a booming industry of pizza deliveries, starved for self-expression yet so out of practice that wearing denim and cooking with mesquite seems expressive, hungry for tradition but with such an attenuated sense of the traditional that the hunger is satisfied by eating macaroni and cheese, eager to rebel against constructive circumstances but satisfied to rebel by saying, "I'll not face another piece of fish; give me beef."

Ms. Popcorn has unwittingly pioneered the complaint theory of capitalism. By conducting thousands of interviews and scrutinizing hundreds of publications, she helps corporations connect products with people's anxieties and grievances.

In flight from shoddiness, people will spend \$2 for a Dove Bar, an upscale ice-cream bar. In flight from sterility, they will pick products identified with striking personalities like Lee Iacocca. A desire to

express anger accounts for the popularity of talk-show hosts Oprah Winfrey and Phil Donahue, of capital punishment and 800-numbers telephone connecting callers to people they can shout at.

A sense that the environment is unsafe and our behavior even more so — first herpes, now AIDS — has produced a grim preoccupation with "wellness," even unto theories connecting particular foods with the well-being of particular organs — broccoli for the respiratory system, brussels sprouts for the liver.

Not even the "water bar" in Beverly Hills, which sells 200 brands of water, Ms. Popcorn says that because AIDS is giving thinness bad associations with a wasting disease, and because working women are eating more to sustain the energy burned up by stress, women increasingly are, if not Rubenesque, at least more ample.

"We've bled out," says Ms. Popcorn, showing a way with words that earns her a place of honor on Madison Avenue. Down with white things, be they wines or veal, and up with beef. An oppressive sense of the everydayness of everyday life leads people to seek adventure and a sense of indulgence by buying Jeeps, sipping mixed drinks, even going to Australia to hang out with Crocodile Dundee. Among trend detectors, Australia-chic is a sure bet.

On the other hand, the harassments of daily life — looming nuclear incineration, rude waiters — have driven people to "cocooning." They have gone to

ground in their dens with their VCRs and compact-disc players, snug in their Barcaloungers equipped with stereo headphones, the better to keep at bay the modern world, the discontinuities of which have produced a longing for tradition. That longing is so superficial, it is assuaged by "50s 'mom food' like macaroni and cheese, and microwave meatloaf. Even crinolines are coming back.

Ms. Popcorn says the pace of modern life and the perpetual exhaustion of couples who have become parents for the first time in their thirties, leads to "grazing" — taking little bites off the surface of life. There is a desire for snippets of experience, hence People magazine, USA Today and restaurants serving only hors d'oeuvres. Take-out food is selling well; every kitchen appliance but the microwave oven is being used less than it was four years ago.

Critics of capitalism have argued that in societies such as America's, all "natural" needs and desires have long since been satisfied, so capitalism will collapse unless manipulative marketing manufactures fresh appetites. The critics say Americans' material progress depends on their moral degradation to manipulated creatures.

But if Ms. Popcorn ("We use products to cheer up our boring little lives") is correct, capitalism can be kept cooking by people who regard consumption as therapy for the disappointments and aggravations they suffer in a capitalist society. Given the guidance of trend detectors, capitalism is not doomed by internal contradictions. It is powered by an internal dynamic of aches assuaged by creative products like microwave meatloaf.

Washington Post Writers Group

## The Rotten Apples in Iran

Regarding the opinion column "We Must Not Be a Part of Such Terror" (May 22) by George Wald:

Three cheers for George Wald and his article on Iran. Yes, it is a fact that the entire nation of Iran has been taken hostage. Ex-convicts and present thugs and bullies are bleeding and plundering Iran in the name of Islam.

Excluding some writers like Mr. Wald, the rest suddenly all have become anthropologists. What they write about Iran is basically of the same tune: "Well, after all, it is their culture and religion, we have to accept it."

America and the West in general have lost their credibility among the silent majority of Iranians, and a deep hatred is growing. The memory of America, great friend of downtrodden nations is fading, America who opposed the 1907 pact of the partition

of Iran, America who forced Stalin to evacuate northern Iran, America who helped the Shah and Dr. Mossadeghi in the nationalization of petroleum. Do not let this rotten apple fall on your lap.

SIAMAK MOSSADEGHI,  
Assistant Professor,  
University of Amsterdam.

## A Galactic Role Model

Regarding the backpage feature "Star Wars: The Lucas Saga" (May 23) by Aljean Harmetz:

How could you? How could you leave out of the list of heroes the name of Princess Leia Organa?

Because of her, a whole generation of girls (and boys) has grown up knowing that a woman can: lead a galactic rebellion, pilot and repair spaceships, fight guerrilla warfare and pitched battles, and strangle an enormous, repulsive

monster with her bare hands (well, she uses a chain). All this while remaining attractive to her two suitors.

George Lucas is a wizard who has done for women's image in the media (and in our heads) what a whole generation of "serious" writers could not do: give us a role model of the heroic kind. For many women, Leia is Mr. Lucas's finest accomplishment.

YVETTE GHILAN,  
Tel Aviv.

## The CIA Plot Over Moscow

All those administration officials and columnists in the United States who usually follow the U.S.-Soviet scene with such diligence and interpretive skill are missing the boat this time.

Perhaps the whole thing is a KGB plot to make us think the Russians are really weak so we don't have to keep building more weapons to protect ourselves.

I favor the theory that it was a brilliantly planned and executed mission by the CIA to obtain pictures of the side walls of the Kremlin that are unobtainable by satellite photography.

BARRY CHILDERS,  
Geneva.

## Sunagawa: Not Just a Mine

Regarding the report "Remember the Coal Mine at Sunagawa" (May 28) by Gregory Clark:

I read the article with disappointment. Such a knowledgeable Japanologist as Professor Clark is too cynical about Japan's problem. Maybe he is drawing a caricature of Japan for curious western readers. But I am afraid of misunderstanding by innocent readers.

Yes, we are very emotional about the closing of the Sunagawa mine, with good reason. When we were struggling with economic reconstruction from the last

disastrous war, coal was a matter of life or death for economic reconstruction. The industrial policy at that time was what was called "tilted production of coal," giving the first priority to coal mining. Limited national resources were concentrated on digging coal and miners were exhorted to produce more. The reclusive Emperor went down coal pits and exhorted miners. It was not only at Sunagawa, but other mines in Hokkaido. Now they are being closed because they are not competitive. It is not the problem of 700 jobs in the remote area of Hokkaido, but of the economy of the island and communities. Because we owe these miners so much for our present affluence we cannot say to them, "So sorry." Economy is not inhuman social science but is human activity reflecting historical social background and its people.

TAKESHI SAKURAUCHI,  
Tokyo.

## GENERAL NEWS



Policemen in Panama City breaking up an anti-government demonstration.

## Charges by Retired Panama Colonel Provoke Violent Protests in Capital

By Julia Preston

Washington Post Service

PANAMA CITY — Accusations leveled at Panama's military chief, General Manuel Antonio Noriega, by his former chief of staff have given rise to violent street demonstrations and crackling tension here.

On Tuesday, for the third day in a row, an opposition newspaper carried detailed allegations by Colonel Roberto Diaz Herrera linking General Noriega to fraud in the 1984 presidential elections and to the deaths of a former ruler, General Omar Torrijos, and to Hugo Spadafora, a critic of General Noriega. It was the first time a high-ranking officer left the brotherhood of Panama's allegedly corruption-ridden armed forces to hurl public charges against comrades in arms and particularly against General Noriega, the power behind the government. Colonel Diaz was forcibly retired June 1.

Diplomats and newspaper editors said Colonel Diaz's statements appeared to be a mixture of truth and falsehood aimed at his enemies in the armed forces.

But his "confession" added a new source of instability in this nation.

About 3,000 rock-throwing demonstrators clashed repeatedly on the capital's main avenues with riot police armed with clubs and shields. Some protesters were beaten severely, and the police fired tear gas and rifle rounds to disperse the crowds.

In an interview on national television following the demonstrations, Colonel Diaz appeared to back away from his charges and

said he would make no further accusations. United Press International reported.

"Now, I do not want to talk about blaming anyone because I feel that no one is guilty, not even the same people I blamed before, not even General Noriega," he said. "Maybe I am the only guilty person. I have provoked an agitation in this city that has many people upset, tense."

"We've been using the word crisis in this country for years," said Archbishop Marcos McGrath, the leader of the Roman Catholic Church here. "But this has brought on a more severe state of tension."

The U.S. Embassy noted the "tremendous impact" of Colonel Diaz's charges and added: "The United States strongly supports the efforts of Panamanians to get all the facts out in the open in a manner that is fair to all. Panamanians can only resolve the situation on the basis of the truth."

Since Sunday, Colonel Diaz has remained in his mansion giving interviews, surrounded by followers armed with automatic weapons and gasoline bombs.

Late Tuesday, Colonel Diaz agreed to surrender to church representatives the weapons used to guard his house. He said three priests would stay there, protecting him and his family.

General Noriega said Monday that he would not "enter into polemics," because "the current situation is the result of a conspiracy whose name is known."

Captains and majors signed a statement expressing their loyalty to the general. The armed forces spokesman, Major Edgardo Lopez,

suggested that Colonel Diaz was mentally unstable.

On Sunday, the opposition daily La Prensa carried part of a rambling interview with Colonel Diaz that began with an announcement that the colonel wished to "get closer to the Lord." Colonel Diaz accused General Noriega of helping him plot 1984 election fraud, final details of which were arranged "in my own house."

The 1984 elections were widely believed to have been fraudulent. Nicolas Arango Barrios briefly became president, until General Noriega overthrew him less than a year later.

Colonel Diaz said he made enough money to build his luxurious home and purchase two others with money he made illegally selling Panamanian visas to Cubans wishing to come through Panama en route to U.S. exile.

Colonel Diaz has also charged that General Noriega "was directly involved" in the July 31, 1981, death of Torrijos, a popular nationalist, in a crash of a private plane in the jungle. Colonel Diaz, a cousin of Torrijos, charged that General Noriega arranged for a small bomb to be planted on the plane and that he "sent a message" to the U.S. vice president, George Bush, about Torrijos's death.

Colonel Diaz also has charged that General Noriega "organized" the September 1985 assassination of Spadafora, a former health minister who organized a guerrilla brigade that first fought in Nicaragua against Anastasio Somoza and later against the Sandinista government that succeeded him.

*Catharanthus roseus. Many of the world's children who have suffered from Leukemia are now alive due to the properties discovered in the rosy periwinkle. It originated in Madagascar, where thousands of endemic plants are in danger.*

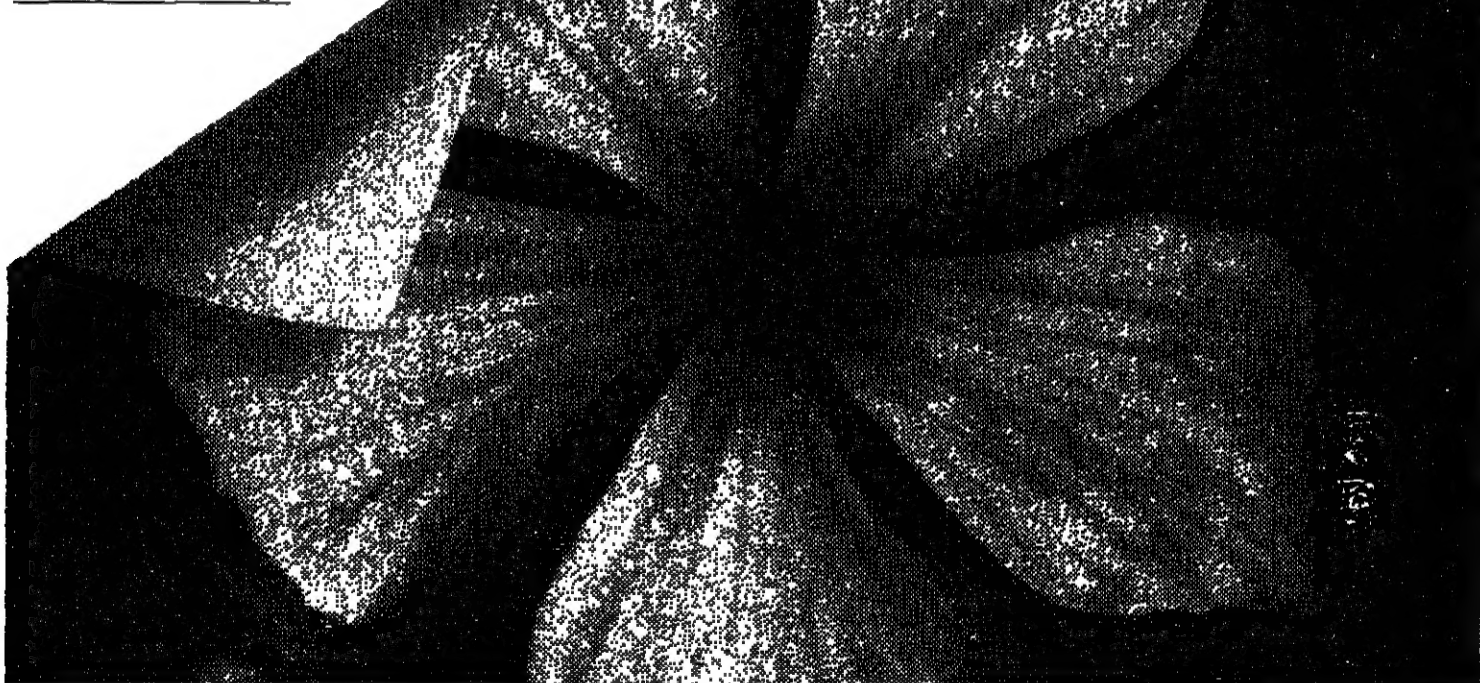


Photo: Mark J. Flotkin

Plants have fed the world and cured its ills since life began. Now we're destroying their principal habitat at the rate of 50 acres every minute.

We live on this planet by courtesy of the earth's green cover. Plants protect fragile soils from erosion, regulate the atmosphere, maintain water supplies for agriculture and prevent formation of deserts. Without plants man could not survive.

Yet, knowing this, we are destroying our own life-support system at such an alarming rate that it has already become a crisis — a crisis for ourselves and an even bigger one for our children.

The figures alone should tell the story — we destroy a tropical rain forest three times the size of Switzerland every year; within 25 years only fragments of the vast Malaysian and Indonesian forests will remain.

## What we are destroying

Much of the food, medicines and materials we use every day of our lives is derived from the wild species which grow in the tropics. Yet only a tiny fraction of the world's flowering plants have been studied for possible use. Horrifyingly, some 25,000 of all flowering species are on the verge of extinction.

Once the plants go, they are gone forever. Once the forests go only wastelands remain.



Photo: Courtesy of Richard Evans Schulze

Dr. Richard Evans Schulze, director of the Botanical Museum at Harvard University, has spent 13 years in the Amazon jungle collecting the "magic" plants of myth and legend and making them available to Western medicine and science. "The drugs of the future," he says, "grow in the primeval jungle."

## Who is the villain?

There is no villain — except ignorance and short-sightedness. The desperately poor people who live in the forests have to clear areas for crops and fuel, but they are doing this in such a way that they are destroying their very livelihood.

Add to this the way in which the heart is being ripped out of the forests to meet the demand for tropical timbers and we have a recipe for disaster.

## What can be done about it?

The problem seems so vast that there is a tendency to shrug and say "What can I do?" But there is an answer.

## The WWF Plant Conservation Programme

The World Conservation Strategy, published in 1980, is a programme for conserving the world's natural resources whilst managing them for human needs. A practical, international plant conservation programme has been prepared based on WCS principles and is now well under way all around the world.

## You can become part of it

The WWF Plant Conservation Programme is a plan for survival which you can help make a reality. Join the World Wildlife Fund now. We need your voice and your financial support.

Get in touch with your local WWF office for membership details, or send your contribution direct to the World Wildlife Fund at: WWF International, Membership Secretary, World Conservation Centre, 1196 Gland, Switzerland.

Save the plants that save us.

WWF FOR WORLD CONSERVATION



## Allies Must Aid U.S. In Gulf, Aspin Says

By George C. Wilson  
and Helen Dewar  
Washington Post Service

WASHINGTON — President Ronald Reagan's Gulf policy will go "down the drain" unless he can persuade allied nations to do more to keep the Gulf safe for shipping, Defense Secretary Caspar W. Weinberger was warned during a House of Representatives hearing on Tuesday.

"Congress is all over the map on this issue," Representative Les Aspin, the chairman of the House Armed Services Committee, warned Mr. Weinberger, who appeared before the committee. "But one thing for sure everybody agrees on is that our allies ought to do more. Do not let them off the hook, or this policy is going down the drain."

"If we end up with American boys losing their lives in the Persian Gulf because of strikes like the Stark, and you've got cars in Europe zooming down the autobahn using up the gas, that is just going to set this country off like a tinder box."

Thirty-seven U.S. sailors were killed during an apparently accidental attack by Iraq against the U.S. guided-missile frigate Stark near Bahrain on May 17.

Mr. Aspin, a Wisconsin Democrat, said that allied cooperation is the "vortex" of the political storm around the Reagan administration's plan to use navy warships to escort 11 Kuwait tankers, flying the U.S. flag, through the Gulf.

Mr. Weinberger told the committee that the refueling of the Kuwait tankers should be finished by the end of this month but said only that the actual escorting would begin "very shortly" afterward.

In the Senate, a bipartisan group of senators introduced legislation to invoke the War Powers Resolution

if the administration went ahead with the escort plan. Similar legislation is expected to be introduced in the House on Wednesday.

The legislation would establish procedures for the Reagan administration to consult with Congress on refueling and escort actions and require congressional approval to continue the escorting for longer than 90 days. Its passage is not expected.

Earlier, Senators Mark O. Hatfield, a Republican of Oregon, and Claiborne Pell, Democrat of Rhode Island, joined in introducing legislation to prohibit the refueling of the vessels.

Mr. Weinberger stressed that the administration is seeking allied help in the Gulf.

But he appeared to be making a case for going it alone if necessary, warning that the Soviet Union would fill any power vacuum the United States left.

Mr. Weinberger added that France already maintained "a substantial naval presence in the Indian Ocean" and sends ships into the Gulf, and that Britain "routinely deploys there."

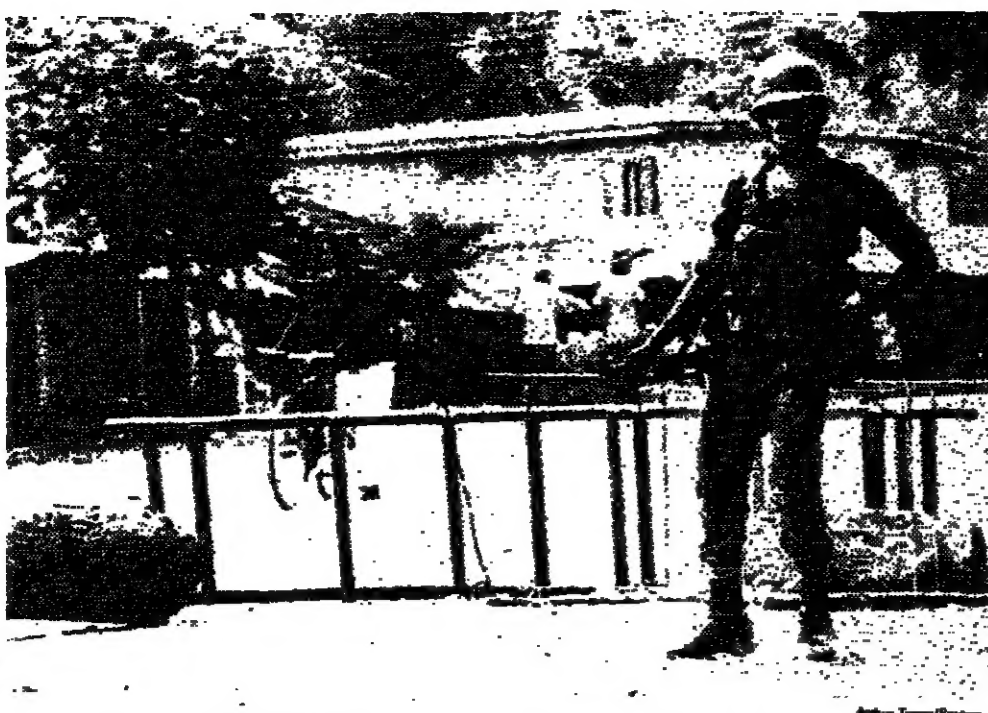
Japan, he said, "contributes in another way" by deploying "significant" anti-aircraft and anti-submarine forces opposite Vladivostok, the base of Soviet naval forces in the Indian Ocean.

Mr. Aspin asserted that Mr. Weinberger was providing loopholes for friendly governments to duck through when asked to do more to police the Gulf.

### Tanker Hits Mine in Gulf

A Greek tanker loaded with Kuwaiti crude hit a sea mine in the Gulf on Tuesday, Reuters reported from Bahrain.

The tanker Ethios, which was hit by an Iranian missile in August, hit the mine after loading in Kuwait. There were no reports of injuries.



A Sri Lanka soldier standing guard Wednesday in the Jaffna peninsula town of Point Pedro.

## Sri Lanka Army Halts Drive on Rebels

Reuters

COLOMBO, Sri Lanka — The Sri Lankan government said Wednesday that it had halted its military offensive against Tamil guerrillas in the northern Jaffna peninsula and was ready for peace talks.

"Operation Liberation has been completed," said the national security minister, Lalith Athulathudali. "We are consolidating now."

"While the consolidation process goes on there will still be time for peace initiatives if anyone wants and we will try for peace talks," Mr. Athulathudali said.

He said Colombo was open to peace talks while troops consolidated recaptured areas and the civil administration was rebuilt.

General Cyril Ranatunga, who directed the offensive said, "I have suspended the operation today."

Colombo also announced that it had released 450 Tamil youths who

were among the 2,677 detained during the operation on suspicion of being guerrillas. Ninety were freed Tuesday.

The offensive has caused a serious diplomatic dispute between Sri Lanka and India, which dropped relief supplies by airplane to residents of the Jaffna peninsula despite the objections of the government in Colombo.

In New Delhi an External Affairs Ministry spokesman reacted cautiously to the news that the offensive had been halted.

"At this stage I will confine myself to saying that we are keeping a close watch on the situation in Sri Lanka," he said.

Mr. Athulathudali, who is in charge of Colombo's anti-guerrilla campaign, said the army would not attack the town of Jaffna itself, stronghold of the Liberation Tigers of Tamil Eelam. The army carried

out "limited operations" near Jaffna, he said.

More than 3,000 troops backed by aircraft mounted the operation May 26 and captured the rebel bastion of Vadamarachchi, on the northeast of the peninsula.

India, which has 50 million Tamils in the south, claimed that hundreds of civilians were killed in the fighting. Sri Lanka said only 47 were killed. Reports from residents fleeing the fighting suggest that the number of civilian deaths lies between the two claims.

### Togo to Restore Israeli Ties

The Associated Press

LOME, Togo — Togo has decided to re-establish relations with Israel, the Rally of the Togolese People, the governing party, announced Tuesday. Togo broke relations with Israel in 1973.

## Expatriates Lured by Thailand Americans Like Ethic of Pleasure, Slow Pace

By Seth Mydans  
New York Times Service

BANGKOK — The tale of Morgan Adams, an American diplomat who resigned "for unexplained reasons" and now lives in Thailand among opium wardens and beautiful women, has captured the imagination of people here.

Adams is the hero of a new adventure novel called "Missing by Choice," by a real American diplomat, Maurice M. Tanner, who is also about to retire and put down roots in Thailand.

The fictional Adams is a swash-buckling version of the hundreds of Americans who have chosen to make their homes in Thailand for reasons they too sometimes find hard to explain.

The expatriates include diplomats, Vietnam War veterans, journalists, language teachers, relief agency workers and successful businessmen.

Some are what another American diplomat, Joseph McBride, calls "Thailand junkies," attracted to the country's easygoing pace of life and its ethic of pleasure.

Many others are the last holdovers of U.S. involvement in Indochina, people depicted by one resident as "still hovering around the edges of Vietnam, unable to get on with their lives."

It is such people, shut out of a land they cared about but unwilling or unable to leave it behind them, who give this group of American expatriates a special poignancy.

A few of them have found jobs that will keep them close to Vietnam while they wait for wives or fiancées who are still hoping for civil visas.

Mr. McBride, who was evacuated by helicopter from the U.S. Embassy in Saigon on April 30, 1975, called Thailand "a good second best" to the country where he said he spent his formative years.

"Sooner or later I'll go back to my old district in the delta," he said. "Vietnam is still the one thing that grabs the attention of people like me. What went wrong? What could we have done?"

Another veteran, a 41-year-old New Yorker who asked not to be identified, spoke late one night in a bar called Lucy's Tiger Den of his determination to lead a mission to rescue friends who are missing in action in Indochina.

"I'll crawl back there on my hands and knees — you know the feeling?" he said. "It sounds crazy, but it can be done. Sometimes I think I'll just get myself a little suntan and blend right in and walk across."

Lucy's is a rendezvous for Viet-

nam veterans and overseas construction men who moved on from lucrative contracts in Vietnam to jobs in the Middle East.

The bar's owner, A.J. Rydberg, known as Tiger, sets the tone each night with a monologue of reminiscences about his days as an ironworker.

According to his account, his roots in Thailand go back to 1971, when he arrived from Vietnam, "got drunk for 54 days straight, married Lucy somewhere in the middle of it" and went into the bar business.

Veterans also gather at the four chapters of the Veterans of Foreign Wars in Thailand, a country where someone can live well on a military pension.

"This is not a country to go to seed in," Mr. Tanner said. "You go

to seed in a hurry, because life's too easy. It's too easy to pay for the next whisky and the next girl."

Mr. Tanner said he planned to retire in the country with his Thai wife and to write more stories about Morgan Adams.

"We're the travelers of the world, the people without a home," said Mr. Tanner, whose links are not with Vietnam but with Thailand, where he has lived for 13 years.

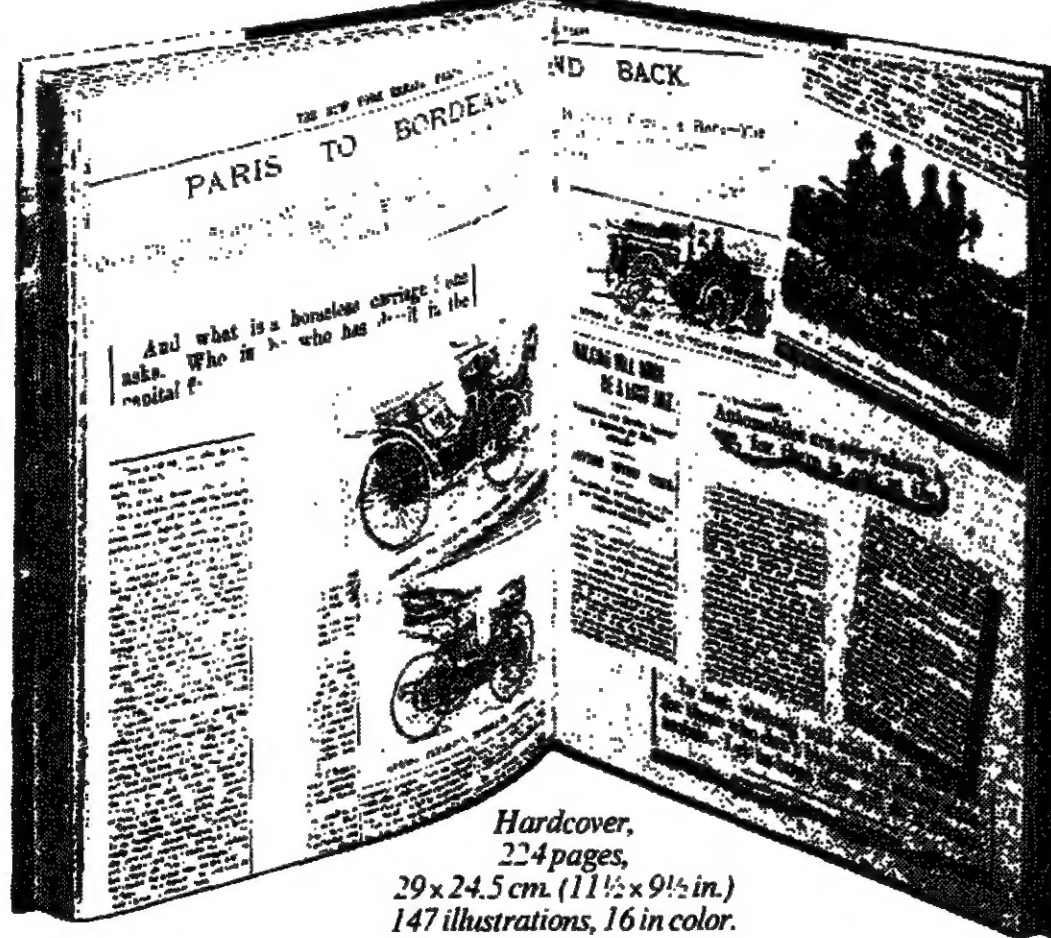
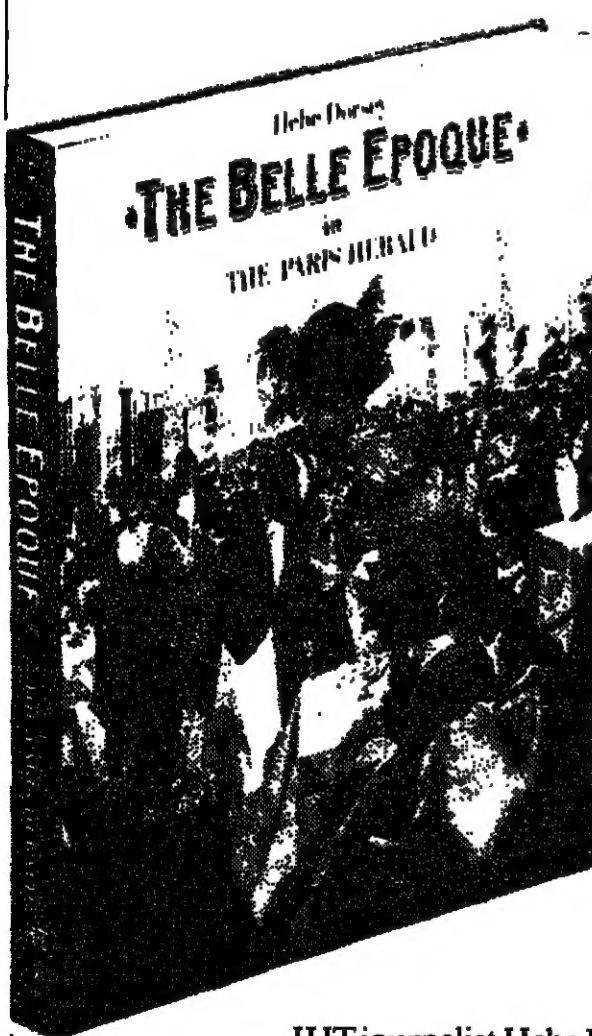
"We find ourselves with a foot in both cultures," he said. "I take part in a village ceremony with my mother-in-law, and the next night I'll be in a diplomatic reception in Bangkok."

He added, "I suppose I've never felt more of a stranger in my life than I did at my high school reunion in Phoenix."



CURFEW AT WEST BANK CAMP — Israeli troops raised a fence at the Deheish refugee camp near Bethlehem on Wednesday to prevent Palestinians from throwing stones and firebombs at passing cars. The army put the camp under curfew on Tuesday night.

## On-the-spot reports of an era of great inventions and remarkable people



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time, articles, gossip columns, sports pages, turn-of-the-century fashion news (for men and women)... even old-time comic strips and cartoons.

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## U.S. Wants Indonesian On Shuttle

Reuters

JAKARTA — The United States wants an Indonesian astronaut aboard a future space shuttle.

"The U.S. is still very interested in having Dr. Pradwi Soedarmono participate on a future shuttle launch," the U.S. Embassy here said in a statement Wednesday.

The statement was issued a week after the Soviet Union offered to train Indonesian astronauts for a Soviet space mission.

Last week, the Soviet ambassador, Vladimir Semenov, offered to launch Indonesia's next satellite, which could be operational by the end of the decade.

Indonesian officials were reported to say that they would consider the Soviet offer if the financial terms were good.

Georgi S. Tarasovich, the visiting Soviet vice chairman, said Tuesday that he might talk about Soviet-Indonesian space cooperation with Indonesian officials during his eight-day visit.

Foreign Minister Moedjarto Kusumadadja appealed to George P. Shultz, the U.S. secretary of state, to help arrange an early launch date for the Palapa B-2 satellite when the grounded U.S. space shuttles start flying again.

## Greece, Denmark Ask UN to Open War Crimes Files

New York Times Service

UNITED NATIONS, New York — Two former members of the War Crimes Commission, Greece and Denmark, have added themselves to the list of nations that favor opening the UN files on war criminals to the public.

Australia, the United States, the Netherlands and Yugoslavia have already indicated that they would like the rules of access broadened. The files are at present available only to governments on a confidential basis.

Norway is also thought to favor opening the files and said it would send a letter to the United Nations on the matter.

Secretary-General Javier Perez de Cuellar has said he would consider opening the files if a substantial number of the 17 states formerly on the commission favored the move. His spokesman, Francois Giuliani, said the secretary-general would consider the opinions over the next few weeks and might call a meeting of former commission members this summer.





## 60 years later, Le Bourget welcomes another historic visitor from America: the B-1B.

In 1927 Charles A. Lindbergh's heroic solo flight across the Atlantic established an unforgettable moment in aviation history.

Now, another milestone airplane is welcomed to Paris: the United States Air Force B-1B, the most

advanced strategic bomber in the world.

Like "The Spirit of St. Louis," the B-1B landed at Le Bourget Airport, where it will be on view during the 37th Paris Air Show.

Rockwell International is proud

to be the builder of the B-1B and a principal member of the U.S. Air Force team that has kept the B-1B within budget, and its four-per-month delivery rate on schedule.



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the system on cold instead of hot," worried about," said Vic DePaula, "posal will figure as a major bar-







Slight Loss  
Are Forecast  
For Social  
In Spain

سكنا من الالصل

SCIENCE

# Biotechnology: The Payoff

By Andrew Pollack  
New York Times Service  
SAN FRANCISCO — After a decade of research and testing, the payoff from genetic engineering is finally within sight.

The first few products created by genetic engineering are now on sale, and many more are being made ready for marketing. "I think you're about to see the avalanche in the next two years," said Ronald E. Cape, chairman of the Cetus Corp., a leading biotechnology company.

The arrival of new products, mainly powerful new drugs, signals the transition of the biotechnology industry from the laboratory to the marketplace.

As the industry matures, it still faces numerous legal and regulatory issues that could determine whether genetic engineering will be as big a commercial success as a technological one. Chief among those concerns are patents, which biotechnology companies say are vital to assure a return on risky investment.

Numerous biotechnology companies are now locked in patent fights with their rivals. In addition to individual patent fights, there are questions over what should be patented. The recent decision of the Patent Office to allow the patenting of animals was welcomed by the industry as a logical step.

"It would allow us to put the U.S. brand on a new supercow and nobody would be able to rustle it," said Randal Chantler, president and chief executive of University Genetics, a company doing research on genetically altering cattle to produce more milk or leaner beef.

Other questions abound about

the degree of regulation. While some critics say the industry is not adequately regulated, industry officials complain of unreasonable delays in being able to test biologically engineered microbes for agriculture or hormones for livestock.

The commercialization of genetic engineering began in 1976 in South San Francisco when a venture capitalist and university scientist formed Genentech to exploit the recombinant DNA technology.

## Genetic Engineering New Hopes and Fears

Last of a series

that had been developed at nearby universities. Recombinant DNA, often called gene-splicing, involves changing the characteristics of plants or animals by implanting in them genes from other organisms, even from other species.

Since then, several billion dollars have been invested in several hundred biotechnology companies. In addition, Mr. Cape, of Cetus, notes, the biotechnology industry rests on a foundation of \$100 billion in federal spending on basic health science research over the last 40 years.

Experts agree that the first big profits of genetic engineering will come from pharmaceuticals. The use of the technology on crops will start in the early 1990s, and the genetic engineering of animals is not expected to become a commercial activity until the mid-1990s.

The drugs produced by genetic engineering are produced naturally

in the body but in quantities too minute to extract for medical use. Using gene-splicing, genes controlling the formation of these substances can be implanted into bacteria or other organisms, allowing those organisms to manufacture large quantities of the substances.

Four genetically engineered pharmaceuticals are already on the market — human insulin, human growth hormone, alpha interferon and a hepatitis-B vaccine. Sales totaled perhaps \$150 million last year, with about \$100 million from Eli Lilly & Co.'s insulin, used to treat diabetics, and \$44 million from Genentech's human growth hormone, which is used to treat dwarfism.

In the next few years several new products are expected to lift sales of genetically engineered drugs above \$1 billion. The first and biggest product was expected to be TPA, designed for treating heart attack victims. But the FDA advisory panel said that while the drug might indeed break up blood clots, more data are needed to prove that it actually helps the heart muscle or prolongs life.

Another major product, which could receive approval by 1989, is interferon-2. It has shown promise in fighting certain cancers. Cetus, based in Emeryville, California, is expected to be first on the market with that product.

There is also erythropoietin, or EPO, a substance made by the kidneys that helps in producing red blood cells. Amgen, in Thousand Oaks, California, has a lead in EPO and hopes it will be approved in late 1988 or 1989, initially for treating anemia in patients undergoing kidney dialysis.

Drugs that are expected to receive approval in the early 1990s include various colony-stimulating factors for treatment of cancer; atrial natriuretic factor (ANF), a potential treatment for hypertension; an epidermal growth factor for treating burn victims; and superoxide dismutase, which helps prevent damage caused by the resumption of blood flow to an organ after a heart attack, heart surgery or an organ transplant.

Some experts say there may be as few as two dozen substances such as TPA and EPO that can be produced by genetic engineering. They say the ultimate importance of gene-splicing will be not in making specific products but as a tool that will transform the way new drugs are developed.

"Probably the intangible benefits are going to prove much more valuable in the long run," said Viren Mehta, vice president of health care research for Wood McKenzie & Co., a New York investment firm.

As a research tool, for instance, particular receptor sites on cells to which disease-causing agents attach could be cloned in great quantities. That would allow numerous substances to be tested to see if they could block the receptor site. Scientists envision a tailor-made chemical that could block the receptor or perform other functions, a technique known as protein engineering.

Indeed, knowing how to do gene-splicing is not enough for success anymore because the technology is becoming commonplace.

"I think in five years, gene cloning is going to be done in high school laboratories," said Roger H.



Increasing animal efficiency presents great opportunities.

Salquist, president of Calgene, a genetic engineering company in Davis, California.

Brook Byers, a venture capitalist who has helped start many biotech companies, said the ones now being formed are aimed at curing a particular disease, with genetic engineering merely one of the techniques used.

Agricultural genetic engineering is several years behind the pharmaceutical applications, partly because there is less knowledge about plant functioning and it is more difficult to insert genes into plants than into micro-organisms.

The use of genetically engineered crops is expected to begin in the early 1990s. The first are likely to be plants that are resistant to herbicides, which would let herbicides kill weeds and leave the plants unscathed. After that will be insect resistance, followed by plants altered to produce fruits and vegetables and oils for use in food processing and industry.

Applying genetic engineering to animals is proceeding in two phases. The first, nearing commercialization, uses genetic engineering to produce drugs and vaccines for animals. The best-known exam-

ple is the production of bovine growth hormone, which can increase a cow's milk output or produce leaner beef.

The second phase will involve genetically engineering animals themselves. The two largest breeders of broiler chickens, Arbor Acres Farm Inc. and Hubbard Farms, a division of the pharmaceutical giant Merck & Co., are working on developing chickens that grow faster on less feed. The Granada Corp., a Houston cattle breeder, and the University Genetics Co., a small enterprise in Westport, Connecticut, are working toward superior cattle.

Technological problems remain, however, and scientists do not expect animal genetic engineering to become practicable for 5 to 10 years. "We are experiencing lots of difficulties, and I don't see that we are close to this at all," said William A. Rishell, director of research for Arbor Acres.

In both plant and animal agriculture, many companies find quicker profits in using other techniques to speed up conventional breeding, such as tissue culture for plants and embryo transfer for livestock.

## IN BRIEF

### U.S. 1986 Fertility Rate a New Low

WASHINGTON (AP) — The fertility rate of the United States reached a new low last year, with fewer than 65 births recorded per 1,000 women of childbearing age, the Census Bureau reports. The 1986 general fertility rate was 64.9 live births for every 1,000 women age 15 to 44. There were 3,687,000 births, down from 3,750,000 in 1985.

Fertility "seems relatively stable now at a low level. The Baby Boom is over and... there is no particular reason to expect, in the near future, a turnup," said Donald E. Starinck, chief of the bureau's Population Estimates Branch.

The 1986 rate was the lowest in records going back to 1930. Detailed statistics before 1930 were not immediately available, but Mr. Starinck said, "I can't believe that in the 19th century, and before 1930... it was lower than that." The general fertility rate peaked in 1957 at 122.7 births per 1,000 women in the 15-44 age group, or 4,322,000 babies.

### Hints of Gains in Superconductivity

WASHINGTON (WP) — The first hints of superconductivity at room temperature — a goal considered nearly impossible a year ago — and a faint hope just a month ago — are emerging from several laboratories around the world. None reports solid evidence of superconductivity that can be reproduced reliably in test after test, but fleeting glimpses of the phenomenon at temperatures ranging between 45 and 79 degrees Fahrenheit (about 7 to 26 Centigrade) suggest that the goal is attainable.

Little is known of the atomic structure of the various materials being tested, but physicists say that as they gain deeper knowledge and can control their manufacturing processes better, room temperature superconductivity should become a reality.

A recent issue of Nature reports from India's National Physical Laboratory in New Delhi that the Josephson effect was detected in a synthetic ceramic material at 79 degrees. The effect, which can only occur with superconducting materials, involves electrons that acquire the ability to "tunnel" through a thin film of insulation. Although this is evidence of superconductivity on at least a microscopic level within the material, tests for a loss of an overall electrical resistance showed no large-scale superconductivity until the material was cooled to 45 degrees below zero.

### Seeking Clues to Beached Whales

BOSTON (Reuters) — Why whales beach themselves, with usually fatal results, remains one of the great mysteries of nature. Now, a leading aquarium hopes to find clues to what happens through three baby pilot whales it saved last winter and nursed back to health in captivity.

The whales beached themselves on Cape Cod, Massachusetts, and were close to death when scientists from the New England Aquarium rescued them. Today, they are healthy and playful. Soon, they will be released with tiny radio transmitters in their skin to tell scientists what they are doing. The aquarium says it will be the first time whales have been taken, held in captivity and then returned to the open sea.

Massive beachings were first recorded by Aristotle, who said it was not known why the world's largest mammals ran aground. There are four main theories today: The whales may have been feeding in shallow waters and simply ran aground; they were frightened by strange underwater sounds; they followed an ailing leader to shore, or they were traveling an ancestral migratory route that is now a land bridge.

### Diving Record Transferred to Turtle

WASHINGTON (WP) — Marine biologists thought the deepest-diving air-breathing animal was the sperm whale, which has been recorded at 3,740 feet below the ocean's surface. New findings transfer the title to the leatherback sea turtle, recently tracked to at least 3,936 feet, almost three-quarters of a mile under the waves.

Leatherbacks, which can weigh more than 1,300 pounds, are the largest living turtles and the most widely distributed reptile in the world. They ply the coasts on both sides of the Atlantic and the Pacific coast of the Americas. The turtle's diving depth was monitored by Scott Eckert of the University of Georgia with the aid of a pressure-sensitive device fastened to the animal, which Mr. Eckert read each time the turtle surfaced. The device was calibrated only to 3,280 feet (1,000 meters), but on the record dive, the indicator went well off the scale. The true depth was estimated at a minimum of 3,936 feet.

## The Fads and Foibles in Food Regulation

By Marian Burros  
New York Times Service

WHATEVER happened to cyclamates, the artificial sweeteners people learned to love and then, with talk of cancer, leave? How about apples sprayed with Alar, candy dyed with Red No. 3 food coloring, irradiated foods and sodium nitrite in processed meats? Has the U.S. government decided whether these substances and treatments are hazardous to human health? If they are hazardous, why are they still in use? Periodically, questions about food safety capture public attention, then disappear. But even as the spotlight shifts, these issues are followed by contending interest groups. The resulting regulatory delays have lasted sometimes for decades.

Present and former officials of the Food and Drug Administration and the Agriculture Department agree on their role in this drama.

"There is no question that the FDA's mission is to protect consumers," said Dr. Donald Kennedy, the agency's commissioner during the Carter administration and now president of Stanford University. But officials differ over the approach. "Whether the right approach is a heavy regulatory one or basically to encourage innovation within the industry," Dr. Kennedy said.

Since the late 1970s, however, both Republican and Democratic administrations have cut back on agency budgets. Couple the shortage of money with the inherent slowness of bureaucracies, and the result is a nether world of unfinished business.

"I can guarantee you that both consumer groups and food companies say they are arguing on behalf of the consumer's health," said Dennis Shelan, director of legislative affairs for the National Food Processors Association. "A

lot of consumer groups start from the position that there should not be any chemicals in food that are potentially harmful. The food industry's position is that you should make a scientific assessment of chemicals that may be present: if there is not a health risk, there should not be a problem."

The current commissioner of the FDA, Dr. Frank E. Young, said there are reasons for the slow pace. "The complexity of the problems, the demands placed on FDA with the vast array of emergencies, conflicting priorities and being sure we have our scientific ducks in a row."

Dr. Jere Goyan, commissioner during the Carter administration, said the agency is "very good on immediate life-threatening matters, such as bioterrorism." The areas in which the agency has trouble "are where there's a sponsor who wants to use a material that others think might be carcinogenic."

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## LUXEMBOURG IN THE NEWS

A report for international decision-makers

I/87

## Luxembourg Strengthens its Role in the World Financial Community

BY ELLEN WALLACE

International financial markets in 1986 were characterized by movement: exchange rates shifted, often dramatically; interest rates fell; new instruments were created to meet demands of borrowers and investors alike, and among bankers, the popularity of older tools of the trade rose and fell. Profit margins were squeezed. Securitization was no longer a trend but a fact of life.

There are profits to be made in such an environment. In Luxembourg, first reports show banks ending the year strongly in the black. Meanwhile, the Government has continued to take measures to reinforce the Grand Duchy's role as an international financial centre. Deregulation theoretically means most markets can do most kinds of business, but in reality, the sharp competition among financial centres has forced them to specialize. Luxembourg has, since the beginning of the 80s, been moving in new directions and last year's results were a tribute to the success of this shift.

The Government of Luxembourg has been faced with the difficult task of balancing its own income needs - financial services are the Duchy's second largest business - with the realization that it must ensure the centre's competitiveness. Easing the tax burden is a stated priority. To that end, several cuts went into effect in January and others will follow.

The banks have been actively building new business. Private banking is of growing importance, especially for those banks which were established as booking offices and were heavily dependent upon Euroloans. For many of them, 1986 was the first year the move into portfolio management began to show substantial

results. The need to increase private banking and fee earning business has led to some interesting developments, one of which is the sudden surge in investment funds. The search for profitable new instruments has also led to the growth in the volume of bonds denominated in Luxembourg francs.

## 1986: Another good year

No banker minds a good year, but what would appear to be outstanding results last year were especially welcome to Luxembourg bankers. Preliminary reports indicate that profits were up strongly for most banks. Bankers' comments range from "exceptionally good" to "great success."

The good report card follows a period of some uncertainty: high risk loans and the provisions that had to be set aside to cover these were coupled with the sharp drop in traditional Euroloans.

Several factors converged to move the banks beyond this stage. For most banks, the volatility of the foreign exchange markets and healthy growth in major stock markets were important. Investments made two to three years ago by some banks to set up private portfolio management services began to pay off.

Luxembourg's banks have historically fallen into groups divided by nationality; banks from one country came mainly to do the same type of business. That has begun to change, as banks here diversify their activities, but there were common

threads among the reasons cited by banks from the same countries for their successes last year. Scandinavian banks frequently point to private banking, claiming that the tax climate in some countries prompts pensioners to settle abroad and to invest their money elsewhere. As traditional Eurocredits became harder to come by, Scandinavian banks moved in two directions: off-balance sheet business and private banking. Ole Roed, managing director of Bergen Bank International, believes "There is a tier below the very rich people, where there is a growing awareness, more sophistication about investing. So there is a whole new market opening up."

German bankers point to a similar group of their compatriots who have become more attuned to investment possibilities and who find Luxembourg's proximity and banking secrecy appealing. For these banks, it is not enough to simply set up portfolios and manage them; the move in this direction has provoked a need for more competitive action in fee income areas. One bank points with satisfaction to its forward trading, another says overall off-balance sheet income was up 25%.

"Private banking" - that was the immediate reply by one American banker when asked what he sees as his company's strongest card, and the reason why it did so well in 1986: "It's cheap here, and it's wide open." He and other Americans point out that their customer profile in Luxembourg is distinctly European; in fact, some of these banks pointedly exclude American customers, while other banks do not encourage American accounts. They also agree that in Luxem-

bourg "the servicing side (for capital markets) can be good business. Holding companies here are good vehicles."

French banks showed solid growth across the board, a reflection of their expansion internationally. According to Gerret Schaaphok, director of Banque Indosuez Luxembourg, solid growth in 1986 is partly a result of the long history of French banks in the Grand Duchy. The French were some of the first foreigners to set up in banking in Luxembourg, before the second World War, when they saw their operations as an extension of regional banking policies. The business base broadened during Luxembourg's rapid expansion in the 70s. When French banks were nationalized in 1981, their Luxembourg connections didn't suffer, so says Schaaphok, but the liberalization of recent months is now beginning to pay off.

For the Italian banks, a profitable area was acting as the link between Italian industry and banks who suddenly found Italy interesting but did not have their own contacts. Interbank activities, says one banker, accounted for 50% of his profits last year. The Italian banks have remained, as a whole, more involved in traditional commercial banking than many others in Luxembourg, largely because of foreign exchange controls at home.

The problem is how to maintain the performance record. Bankers voice worries that market conditions may be less propitious in future months, and they are consequently working to ensure they keep their stakes in new areas of business. That concern, plus the need to service such business, has brought a new competitive edge to Luxembourg.

Investment Funds (Amounts in billions of Flux)<sup>1</sup>

Year	Mutual funds		SICAV <sup>2</sup>		Other investment funds		Total	
	No.	Net assets	No.	Net assets	No.	Net assets	No.	Net assets
1977	27	59.8			55	25.9	82	85.7
1978	28	61.0			43	25.4	71	86.4
1979	32	58.8			42	26.8	74	85.6
1980	34	74.8			42	43.6	76	118.4
1981	40	112.6			41	55.8	81	168.4
1982	45	124.9			42	64.4	87	189.3
1983	52	176.9	2	8.4	45	128.4	99	303.3
1984	67	246.9	20	40.9	45	151.1	132	398.0
1985	84	358.7	41	100.2	52	172.3	177	632.2
1986 <sup>3</sup>	101	537.3	110	289.7	50	176.9	261	1,003.9

<sup>1</sup> One Flux = one Luxembourg Franc

One US dollar was worth 41.10 Flux on December 31, 1986

<sup>2</sup> SICAV: Variable capital investment company

<sup>3</sup> Estimation at December 31, 1986

Source: Luxembourg Monetary Institute

## Investment Funds Expanding Rapidly

If there is a boom that has touched every banker in Luxembourg, it is in investment funds. The figures are plain: from 1983 to 1986, the number of funds nearly tripled to 261 (December) and funds' assets more than tripled, to Luxembourg Francs 1,003.9 billion.

This sudden increase can be attributed mainly to a change in the law at the end of 1983, but several other factors also play a role. In 1972, the Grand Duchy required registration of fixed capital funds in order to better protect small investors. Supervision otherwise remained flexible. The 1983 law was drawn up in response to the rapid growth of aggressively managed offshore funds during the 70s. "We tried in 1983 to come up with an imaginative solution," says Remy Kremer, director of Banque Générale de Luxembourg and president of the ABBL. "The new law was so much more concrete and clear for foreigners. Before, they had hesitated."

It provided for three kinds of funds: mutual funds, variable capital investment companies, and "other funds." There is no legal definition for the latter. The real impact of the 1983 law is that it permitted the creation of variable capital companies, "SICAVs." A SICAV has more flexibility than traditional mutual funds because its capital is equal to the value of its net assets and no shareholder meeting is necessary to approve changes in the capital.

Of equal interest to foreign funds: the SICAV as well as other investment funds have a legal status, which means they can be quoted on stock exchanges. Banks look ahead to the European Community's goal of abolishing borders for capital by 1992. When that occurs, shares quoted on one stock exchange can also be traded on other EC exchanges.

SICAVs are the fastest growing funds: there were 20 such companies at the end of 1984, the first full year, and 110 by December 1986. Mutual funds grew strongly as well, from 67 to 101 in that same period. According to Frédéric

Wagner, assistant director at Banque Internationale à Luxembourg, the new rules provide banks and investors alike with more options. "From the investor's point of view, there can be a fiscal difference with a SICAV: he is a shareholder and only pays taxes on dividends or earnings... but there are certain cases where mutual funds remain interesting. Also, mutual funds can distribute dividends daily, and thus may be useful for money market operations."

Virtually every foreign bank now has a fund(s) or plans to establish one. Some are managed from Luxembourg, others from London; the choice seems to depend on individual fund goals. The boom has created a healthy new business for the Luxembourg banks.

Bankers expect the number of funds to continue to grow. Last year, the Scandinavians entered the market with four funds; the Germans have been slower, but these banks, too, have plans. Says one German, looking at his blueprints: "Mutual funds were never as big in Germany as in Anglo-Saxon countries. And because of our relatively late start in private banking, we didn't need our own investment funds to service our clients. But the time has now come. We've set up the personnel, the clients are here now, particularly smaller customers. In addition, we're looking at a wider distribution, maybe in Germany. We can't do that right now, but we will be able to with the EC lifting of restrictions."

Saturation is unlikely, since the investor pool is international. The increase in private portfolio management in Luxembourg promises to fuel the expansion of the fund business. Why Luxembourg? According to Wagner of BIL, "There is a legal framework, but one that is more flexible (than elsewhere). It is easy to set up here. There are quality investors, and also, we belong to the EC and we are part of the OECD. This can be important, for example, for registration in Japan."

## Flux Bonds Find Favour

A market which moves creates new needs; the growth of bonds denominated in Luxembourg Francs (Flux) has been a popular way of meeting these in recent months. Looking at currencies, the share of the Flux in overall trading volume has increased steadily in the past two years. Figures for Flux bonds show tremendous growth in 1986: turnover was up 78.97%, vs. 12.58% the previous year. This compares with total bond trading in Luxembourg up 10.42% in 1985 and 15.64% in 1986. A particular feature of the market was the early redemption of bonds which saw 84.72% growth.

The increase in trading was not due to traditional Flux borrowers - the Luxembourg public sector - but rather, to foreign companies, international institutions and most spectacularly, Luxembourg-based financial companies that traded heavily as part of their dealing in convertibles and warrants.

One foreign banker explains the market's development this way: "Prime borrowers made bond issues, they've taken up fixed rate loans here. We've participated in such loans and now we're doing private placements to repay them at lower rates. We participated in such trans-

actions because there were interesting borrowers and it's a good market."

Kreditbank S.A. Luxembourggoise's director, Damien Wigny, says "The interesting thing about this market is that it's not dominated by the State. Our Government is not a heavy borrower and in fact, the authorities want to keep the market open to foreigners." The market is small but fast-growing. He cites two main reasons why foreigners like the market: it gives them access to the Franc (the Luxembourg Franc is linked to the Belgian Franc, and although that market is larger, it is almost completely dominated by the Belgian Government, leaving little room for other borrowers); it is open to foreigners for private placements. There is a system of access by "priority" for public issues.

The Luxembourg Franc has become more appealing as limits on its use have gradually been lifted. Private placements in Flux began in 1978-79, when one borrower did not want to wait for his turn in the queue. But limits were quickly established for private placements: they could only be half the amount of public issues, the market was limited at any one time to half of all issues. In 1980-81, other limits were added when the four banks who were active formed a committee and set

up strict rules. But these limits began to fade away in 1984. Since then, says one banker, "it's been an open market." In 1985, there were 33 private placements, in 1986, 74 and in the first 10 weeks of 1987, 21, so the rapid expansion of the market looks likely to continue.

The real limit, bankers suggest, will be placing power. A borrower in Flux pays less than if he were borrowing Belgian francs because the interest rate is lower. Some Belgian and Luxembourg investors are looking for good investment vehicles in their own currency.

## Luxembourg Franc Capital Market

(Flux million)	1984		1985		1986	
	Number of issues	Amount of issues	Number of issues	Amount of issues	Number of issues	Amount of issues
Public issues	14	10,000	18	13,100	22	19,100
Private placements	18	4,500	42	11,725	81	24,200
TOTAL		14,700		24,825		43,300

## Government Eases Tax Burden

Contrary to a widely held misconception, Luxembourg is not a tax haven.

It is, however, stated Government policy to create conditions allowing the financial centre Luxembourg to compete on equal terms with other important financial centres.

Over the years, this policy has been translated into various measures, benchmarks being:

- in 1978, unilateral relief for foreign withholding tax, supplemented by cancellation of the stamp duty on certificates of deposit and of the withholding tax on interest paid on bonds issued by Luxembourg borrowers, including banks;
- in 1983, fiscal neutralization of translation gains on reinvested equity;
- in 1984, a package comprising widened tax-deductible general loan loss provisions, improved rules for unilateral relief of foreign taxation and reduced solidarity tax.

Moreover:

- Value Added Tax on gold bullion for investment has been waived since 1979. Gold currencies are free of VAT;
- For holding companies set up under the 1929 law, the tax base is net worth (annual subscription tax of 0.2%, not income. No withholding tax applies to dividends distributed by holding companies.
- For investment funds, income is tax exempt but a subscription tax of 0.06% on net assets is levied annually.
- No turnover tax is levied on security transactions, whether via or outside the stock exchange.

Banks are increasingly conscious of their expenses as well as of the major tax issues and Albert Dondelinger, chairman of the executive board of Banque Internationale à Luxembourg (BIL) stated already quite some time ago "The corporate tax in Luxembourg is too high but the centre developed despite an unfavourable general tax situation for companies."

That's why Luxembourg's authorities, determined to see that the financial centre remains competitive, have taken, very recently, a series of measures to ease the tax burden.

Highlights of the new package include:

- a two-step 4% reduction of the corporate income tax rate from 40% in 1986 to 36% in 1988. Corporate income tax is fixed at 38% in 1987. In addition, a temporary surcharge called "solidarity tax" levied as a percentage of income tax has been reduced from 3% to 2%. So, in 1987, corporate income tax plus surcharge amount to 38.76%;
- abolition of the "taxe d'abonnement" (subscription tax) on bond issues (corporations and holding companies);
- abolition of the stamp duty on bills of exchange;
- a further improvement in personal income taxes;
- in March, the Government agreed to some tax relief for specialists to help banks compete against the high salaries offered in other centres.

Many bankers feel that the tax authorities are taking an attitude bankers can work with. "It shows that the Government

is aware of the competitive environment internationally," says Rico Barandua, head of Crédit Suisse.

American bankers, many of whom are now concentrating on private banking, agree that the cuts are "a good step", but point out that Luxembourg will have to keep working to compete tax-wise. German bankers, for their part, say that the rate's importance may be growing for them. The problem of high taxes has tra-

ditionally been offset by generous rules governing provisions.

Paul Schminke, managing director of Landesbank Rheinland-Pfalz International, notes that the abolition of certain taxes is already putting some business back to Luxembourg; he cites the case of his own bank making an Australian dollar issue in January in Luxembourg rather than in an offshore centre because the "taxe d'abonnement" had been dropped.

Mr. Jacques Grosjean, Press Secretary, ABBL, Luxembourg Bankers' Association, B.P. 13, L-2010 Luxembourg, Tel. (352) 29501, Telex 1701.

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FROM BULLET TRAINS



THURSDAY, JUNE 11, 1987

TO HOME ELECTRICS  
TOSHIBA



## Learning How to Vanquish The Terrors of the Podium

By SHERRY BUCHANAN  
International Herald Tribune

LONDON — They may be calm, cool and collected on the outside, but the inside is all nerves. Many executives who are required to address large audiences are terrified of public speaking. Some U.S. research suggests that people are more frightened of public speaking than they are of flying, or even death.

"Anybody who says they never get nervous when addressing 1,000 people is telling a fib," said Ken Whipple, chairman of Ford of Europe. Thomas A. Murphy, the former chairman of General Motors Corp., used to become physically ill before delivering a speech.

"Most executives become very nervous and feel inhibited in front of people," said Charles Windhorst, executive vice president of Communispond Inc., a New York-based company that helps executives get over stage fright in a two-day course.

**Techniques include relaxing your muscles and focusing on one person for the duration of an idea.**

Communispond offers courses in London, Paris, Singapore, Manila, Taipei, Hong Kong and Frankfurt, and will begin soon in Tokyo. Since Communispond was founded 18 years ago, 80 percent of the Fortune 1000 companies have sent executives to the two-day course, according to Communispond's figures. Current international clients include Yamaha Motor Co. of Japan, the Hong Kong government, San Miguel Corp. of the Philippines, GM, Citicorp, IBM Corp., Ford Motor Co., the British computer maker ICL, British Telecom and British Caledonian Airways.

"Even executives who have been addressing groups for years reveal they are terrified," said Peter Martin, a management consultant for the Management Development Center of City University Business School in London, which offers a similar two-day course, "Effective Speaking and Case Presentation."

Although most executives manage to stride to the podium and deliver their speech without appearing nervous, many suffer from the desert island syndrome once they get up there: a sense of having to cope all on one's own.

A corporate speaker who suffers from stage fright darts his or her eyes around the room, feels a rush of adrenaline, and gets clammy hands, a knot in the throat and a blank in the brain. In extreme cases, the speaker freezes up.

THE FIRST thing participants learn in these courses, which run before and after videotapes of each participant, is how to get over being nervous by channeling the nervous energy. Techniques include clenching the back of the chair and relaxing your muscles, or using your hands when addressing the audience. A favorite among some top executives is to focus on one person in the audience for the duration of an idea.

"One thought to a person works very well," said Mr. Whipple of Ford Motor Europe. "That way you don't get overwhelmed with a huge audience." Mr. Whipple is sending his senior staff to Communispond's course.

Once a speaker gets over the physical manifestation of nervousness, the organization of his presentation is crucial to making him feel confident and holding the audience's attention. Communispond suggests that executives focus on what they want to get across.

One of the most important parts of a presentation is the use of the self-important pause and visual aids such as slides, diagrams, or a short film. "The attention span of an audience at the beginning of a presentation lasts on average about two minutes," said Mr. Martin. "Then you hit the 'dreadful pit.' The question is how to keep the audience's attention during that time."

"The importance of the pause is something you read about and know about," said Roger Young, senior vice president of Bank

See MANAGER, Page 17

## Toyota, VW Eye Venture

Hannover Plant Said to Be Site

By Ferdinand Protzman  
International Herald Tribune

FRANKFURT — Volkswagen AG and Toyota Motor Corp., Japan's top automaker, are discussing the possibility of joint production of commercial vehicles in West Germany, VW said Wednesday.

An agreement would make Toyota the third Japanese automaker, after Honda Motor Co. and Nissan Motor Co., to begin joint-venture production in Europe.

These moves are seen by industry analysts as attempts to counter growing protectionist sentiment in Europe, a trend stemming from a rise in European sales by Japanese automakers in the past three years.

A spokesman for Volkswagen, West Germany's largest automaker, said no details of the negotiations were being released because the talks were still in progress.

The Japanese newspaper Asahi Shimbun quoted industry sources Wednesday as saying Toyota would announce early next week an agreement with Volkswagen to produce 5,000 small trucks and vans a month at Volkswagen's Hannover plant beginning in 1988.

The newspaper said the plant now produces 9,000 to 10,000 vehicles a month, operating at about 80 percent of capacity.

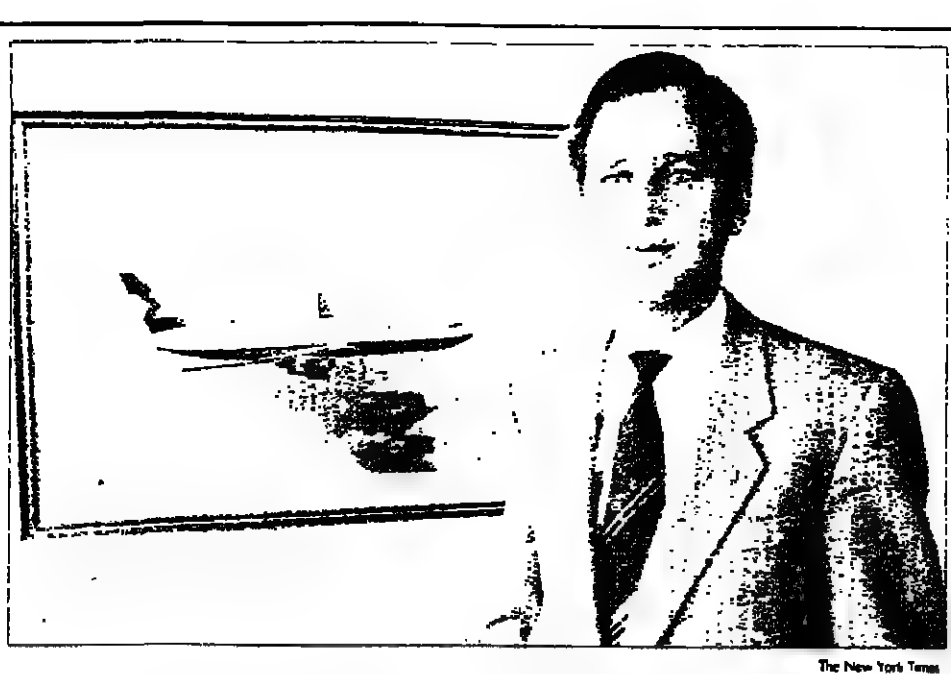
Volkswagen officials said the plant was indeed operating below capacity, but they would not comment on the level.

Toyota said no final decision on a project with VW had been made. Japan said more than one million cars in European Community countries in 1986, and sales have risen sharply this year. The EC Commission has called the trend "very dangerous."

Asahi Shimbun said Volkswagen sought a joint venture with Toyota, with the plan calling for engines and transmissions to come from Japan but more than 60 percent of the vehicle's total parts to come from West Germany, so that no tariffs would be imposed on exports to other EC countries.

In 1986, Toyota exported 287,795 vehicles to EC nations, while Nissan, Japan's second-largest automaker, exported 300,983, according to Toyota.

Industry statistics showed shipments of 44,246 Japanese cars and commercial vehicles to EC nations in the first four months of 1987, up 18.7 percent from a year earlier.



Murray Sigler, president of the new Canadian Airlines International.

## A Challenger in Northern Airways

### Pacific Western-CP Air Merger to Test Air Canada

By John F. Burns  
New York Times Service

VANCOUVER, British Columbia — Canadian Airlines International, the carrier that was formed in March by the \$220 million merger of Canadian Pacific Airlines and Pacific Western Airlines, has laid down an unmistakable challenge to Air Canada, the government-owned airline.

"From now on, it's Goliath vs. Goliath," said Murray Sigler, president of the new airline, in the company's 25th-floor executive suite overlooking Vancouver harbor.

Mr. Sigler, 39, and Rhys Eytton, 51, the chairman of Canadian Airlines International, continue to commute between Vancouver and Calgary, Alberta, the home base of Pacific Western. Mr. Eytton had been president and chief executive of Pacific Western and Mr. Sigler had

negotiate new contracts for the employees who remain.

But already they have their sights set on a much grander goal: catching up to, and if possible surpassing, Air Canada. Because the government is talking about selling its airline to private interests, possibly as early as next year, the prospects are for an all-out free-enterprise battle on Canada's domestic routes, and if governments permit it, on routes to the United States, Europe and Asia as well.

In Canada, this would be significant change. When it celebrated its 50th anniversary this year, Air Canada could look back on a history largely untroubled by competition. Under its parliamentary charter and rules drawn up by government regulatory bodies, it has had a monopoly

on the West Coast and Mr. Sigler had been chief operating officer.

The two executives, architects of a cost-conscious management policy that made it possible for

**'From now on, it's Goliath vs. Goliath.'**

— Murray Sigler, president

See AIRLINES, Page 17

## U.K. Marketing Firm, WPP, Offers \$460 Million for JWT

By Warren Geeler  
International Herald Tribune

LONDON — WPP Group PLC, a rapidly expanding British marketing company, said Wednesday that it had offered to buy the troubled U.S. advertising giant JWT Group Inc. for \$460 million, or about \$460 million.

JWT, the parent company of J. Walter Thompson Co., ranked as the fifth largest advertising company worldwide last year. It has been weakened recently by senior management

upsets and by declining profits, both of which contributed to speculation in London and New York that a bid was imminent.

While WPP is not itself an advertising agency, a merger of it and JWT would continue a trend toward consolidation of the once fractious U.S. advertising industry.

WPP's chief executive is Martin S. Sorrell, former finance director of Britain's Saatchi & Saatchi, the world's leading advertising agency, which initiated the consolidation trend several years ago.

On the strength of the WPP announcement, JWT's share price jumped \$9.75 Wednesday to close at \$49 on the New York Stock Exchange. The stock had closed Tuesday at \$39.25. On the London Stock Exchange, WPP closed at 1,125 pence, up 40 pence from Tuesday.

The unsolicited bid by the little-known British company is likely to spark other offers for JWT, particularly from U.S.-based groups, market watchers said. New York analysts speculated that Ogilvy & Mather, another large U.S. advertising company, might be asked to act as "white knight" for JWT.

Don Johnston, JWT's chairman, who was in London at the time of the announcement, flew back to New York on Wednesday night. Earlier this month he issued a circular to employees stressing that he intended to keep the company independent.

JWT reported net income for 1986 of \$5.9 million. Its major clients include Eastman Kodak Co., Burger King, Unilever PLC and Ford Motor Co., which generates 10 percent of its total revenue.

WPP, with a market capitalization of about \$120 million (\$192 million), had pretax profit of \$1.76 million on sales of \$23.7 million.

WPP holds 478,100 shares of JWT, or about 4.9 percent of the company, which it said it acquired at an average cost of \$31 a share. Its bid is to be financed with a \$177 million underwritten rights issue and a \$100 million long-term loan arranged by Samuel Montagu & Co. and Citibank NA.

In a letter to Mr. Johnston, Mr. Sorrell said, "We understand something of the recent difficulties within JWT and believe that continued uncertainty about the business

## Allegis Ousts Chairman, Plans To Sell Units

Compiled by Staff From Dispatches

NEW YORK — Shares of Allegis Corp. rose sharply Wednesday after the company's board announced a major management shake-up that includes the ouster of its longtime chairman and president, Richard J. Ferris.

In an announcement late Tuesday, after a special board meeting in New York, Allegis, the parent of United Airlines, also said it planned to sell the company's rental car and hotel subsidiaries. A spokesman said Wednesday that there were potential buyers for the subsidiaries.

Allegis shares closed Wednesday on the New York Stock Exchange at \$92.75, up \$2. The price had risen \$1.125 Tuesday.

The developments represented a dramatic rejection of Mr. Ferris's plan to build Allegis, formerly UAL Inc., into a company that would serve all needs of travelers.

Mr. Ferris, 50, who had been head of the company since 1979, resigned under pressure and was replaced by Frank A. Olson as chairman and chief executive.

Edward Carlson, chairman emeritus of Allegis and retired chairman and chief executive officer of UAL Inc., will join the board, Allegis said.

The board said it had directed the company's financial advisers to develop a plan for selling off the company's Hertz rental car operation and its Western and Hilton International hotel subsidiaries.

Allegis also said it may change its name to United Airlines Inc. In another development Wednesday, Coniston Partners, which had been seeking control of Allegis, said it would drop plans to

ask shareholders to replace the directors and elect a new board.

The partnership said it perceived the company's planned restructuring "as a restatement and adoption of Coniston's previously announced program to maximize shareholder value."

Under Mr. Ferris's leadership the company acquired Hertz Corp. in 1985 and Hilton Hotels this year. It also changed its name from UAL Inc. in February to better reflect its identity as a travel conglomerate instead of only an airline.

Mr. Ferris's departure may give the Air Line Pilots Association a strong hand in its takeover bid for the company, said Louis Marckano, an airline analyst with Janney, Montgomery Scott Inc. in Philadelphia.

The pilots offered \$4.5 billion for United in April. Allegis rejected that bid.

In a statement released Wednesday, F.C. Dubinsky, head of the United pilots' group, applauded the departure of Mr. Ferris and the board's plan to spin off the subsidiaries.

"However, it is only a first step in the right direction," Mr. Dubinsky said. "The pilots are committed to the purchase and control of the airline by all employees as outlined in the pilots' plan."

"It looks like you'll wind up eventually with an employee-owned airline," Mr. Marckano said.

The sale of the Hertz, Western and Hilton divisions closely resembles a restructuring plan submitted by the pilots last week.

Mr. Ferris became unpopular with the union after a 29-day pilots' strike against United in 1985, Mr. Dubinsky said.

See ALLEGIS, Page 13

## Currency Rates

June 10												
	U.S.	U.K.	West Germany	France	Italy	Japan	Canada	Switzerland	Spain	Sweden	Netherlands	Belgium
United States	2,910	2,326	17,657	23,025	9,185	22,000	5,629	13,514	14,189			
Argentina	1,737	8,828	38,728	6,498	24	16,686			13,141	18,728		
Australia	1,898	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Canada	1,690		2,758	2,993	5,188.59	3,915	6,474	2,880	28,116			
France	2,910	2,145	7,945	214		65,516	34,771	19,516	9,121			
Germany	1,898	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Italy	9,050	9,951	23,929	1,473	1,568	14,727	2,829	4,231				
Japan	16,185	23,411	7,935	32,700	1,948			9,736				
Netherlands	1,898	2,145	7,945	214		1,568	14,727	2,829	4,231			
Spain	1,737	8,828	38,728	6,498	24	16,686			13,141	18,728		
Sweden	1,898	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Switzerland	1,737	1,767	2,294	7,776	1,655	2,529	12,918	1,928	18,728			

Changes in London and Zurich, Release in Amsterdam: American, New York: Release of U.S.A. and U.K. Release in London and Zurich, Release in Amsterdam: American, New York: Release of U.S.A. and U.K. Release in London and Zurich, Release in Amsterdam: American, New York: Release of U.S.A. and U.K. Release in London and Zurich, Release in Amsterdam: American, New York: Release of U.S.A. and U.K. Release in London and Zurich, Release in Amsterdam: American, New York: Release of U.S.A. and U.K. Release in London and Zurich, Release in Amsterdam: American, New York: Release of U.S.A. and U.K. Release in London and Zurich, Release in Amsterdam: American, New York: Release of U.S.A. and U.K. Release in London and Zurich, Release in Amsterdam: American, New York: Release of U.S.A. and U.K. Release in London and Zurich, Release in Amsterdam: American, New York: Release of U.S.A. and U.K. Release in London and Zurich, Release in Amsterdam: American, New York: Release of U.S.A. and U.K. Release in 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High	Low	Close	Ch'ge
333.88	331.49	332.34	+ 0.81

Dir.	Yrs.	PE	High	Low	Cost	Chrgs
16						
100	112	15	454	199	176	+ 16
200	112	15	454	199	176	+ 16
300	112	15	454	199	176	+ 16
400	112	15	454	199	176	+ 16
500	112	15	454	199	176	+ 16
600	112	15	454	199	176	+ 16
700	112	15	454	199	176	+ 16
800	112	15	454	199	176	+ 16
900	112	15	454	199	176	+ 16
1000	112	15	454	199	176	+ 16
1100	112	15	454	199	176	+ 16
1200	112	15	454	199	176	+ 16
1300	112	15	454	199	176	+ 16
1400	112	15	454	199	176	+ 16
1500	112	15	454	199	176	+ 16
1600	112	15	454	199	176	+ 16
1700	112	15	454	199	176	+ 16
1800	112	15	454	199	176	+ 16
1900	112	15	454	199	176	+ 16
2000	112	15	454	199	176	+ 16
2100	112	15	454	199	176	+ 16
2200	112	15	454	199	176	+ 16
2300	112	15	454	199	176	+ 16
2400	112	15	454	199	176	+ 16
2500	112	15	454	199	176	+ 16
2600	112	15	454	199	176	+ 16
2700	112	15	454	199	176	+ 16
2800	112	15	454	199	176	+ 16
2900	112	15	454	199	176	+ 16
3000	112	15	454	199	176	+ 16
3100	112	15	454	199	176	+ 16
3200	112	15	454	199	176	+ 16
3300	112	15	454	199	176	+ 16
3400	112	15	454	199	176	+ 16
3500	112	15	454	199	176	+ 16
3600	112	15	454	199	176	+ 16
3700	112	15	454	199	176	+ 16
3800	112	15	454	199	176	+ 16
3900	112	15	454	199	176	+ 16
4000	112	15	454	199	176	+ 16
4100	112	15	454	199	176	+ 16
4200	112	15	454	199	176	+ 16
4300	112	15	454	199	176	+ 16
4400	112	15	454	199	176	+ 16
4500	112	15	454	199	176	+ 16
4600	112	15	454	199	176	+ 16
4700	112	15	454	199	176	+ 16
4800	112	15	454	199	176	+ 16
4900	112	15	454	199	176	+ 16
5000	112	15	454	199	176	+ 16
5100	112	15	454	199	176	+ 16
5200	112	15	454	199	176	+ 16
5300	112	15	454	199	176	+ 16
5400	112	15	454	199	176	+ 16
5500	112	15	454	199	176	+ 16
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5800	112	15	454	199	176	+ 16
5900	112	15	454	199	176	+ 16
6000	112	15	454	199	176	+ 16
6100	112	15	454	199	176	+ 16
6200	112	15	454	199	176	+ 16
6300	112	15	454	199	176	+ 16
6400	112	15	454	199	176	+ 16
6500	112	15	454	199	176	+ 16
6600	112	15	4			

Age	Sex	Activity	Time (h)	Distance (km)	Speed (km/h)	Heart Rate (b/min)	Calories (kcal)	Notes
42	M	Asapac	10:30	24	2.25	150	1000	24
49	M	Asapac	11:00	24	2.25	150	1000	24
57	M	Asapac	11:30	24	2.25	150	1000	24
64	M	Asapac	12:00	24	2.25	150	1000	24
71	M	Asapac	12:30	24	2.25	150	1000	24
78	M	Asapac	13:00	24	2.25	150	1000	24
85	M	Asapac	13:30	24	2.25	150	1000	24
92	M	Asapac	14:00	24	2.25	150	1000	24
99	M	Asapac	14:30	24	2.25	150	1000	24
106	M	Asapac	15:00	24	2.25	150	1000	24
113	M	Asapac	15:30	24	2.25	150	1000	24
120	M	Asapac	16:00	24	2.25	150	1000	24
127	M	Asapac	16:30	24	2.25	150	1000	24
134	M	Asapac	17:00	24	2.25	150	1000	24
141	M	Asapac	17:30	24	2.25	150	1000	24
148	M	Asapac	18:00	24	2.25	150	1000	24
155	M	Asapac	18:30	24	2.25	150	1000	24
162	M	Asapac	19:00	24	2.25	150	1000	24
169	M	Asapac	19:30	24	2.25	150	1000	24
176	M	Asapac	20:00	24	2.25	150	1000	24
183	M	Asapac	20:30	24	2.25	150	1000	24
190	M	Asapac	21:00	24	2.25	150	1000	24
197	M	Asapac	21:30	24	2.25	150	1000	24
204	M	Asapac	22:00	24	2.25	150	1000	24
211	M	Asapac	22:30	24	2.25	150	1000	24
218	M	Asapac	23:00	24	2.25	150	1000	24
225	M	Asapac	23:30	24	2.25	150	1000	24
232	M	Asapac	24:00	24	2.25	150	1000	24
239	M	Asapac	24:30	24	2.25	150	1000	24
246	M	Asapac	25:00	24	2.25	150	1000	24
253	M	Asapac	25:30	24	2.25	150	1000	24
260	M	Asapac	26:00	24	2.25	150	1000	24
267	M	Asapac	26:30	24	2.25	150	1000	24
274	M	Asapac	27:00	24	2.25	150	1000	24
281	M	Asapac	27:30	24	2.25	150	1000	24
288	M	Asapac	28:00	24	2.25	150	1000	24
295	M	Asapac	28:30	24	2.25	150	1000	24
302	M	Asapac	29:00	24	2.25	150	1000	24
309	M	Asapac	29:30	24	2.25	150	1000	24
316	M	Asapac	30:00	24	2.25	150	1000	24
323	M	Asapac	30:30	24	2.25	150	1000	24
330	M	Asapac	31:00	24	2.25	150	1000	24
337	M	Asapac	31:30	24	2.25	150	1000	24
344	M	Asapac	32:00	24	2.25	150	1000	24
351	M	Asapac	32:30	24	2.25	150	1000	24
358	M	Asapac	33:00	24	2.25	150	1000	24

**HYPOBANK**  
Bayerische Hypotheken- und Wechsel-Bank  
AG München

Rdc 25	74%	22-46	94.87	Cr. National 91 (Ecu)	74%	15-47	99.50	108.10
Rdc 35	77%		84.00	Eac 71 (Ecu)	74%	31-07	98.84	108.04
Rdc Pers	74%		85.00	Ireland 97 (Ecu)	74%	28-10	91.60	99.25
Schmitt Bk Frai 91	64%	30-64	99.24	Italy 97	77%	30-46	99.55	108.05
St. Iuliana 91/92	73%	07-12	99.67					
Suara Barbara Dec95	64%	18-26	99.47					



## Fermenta Authorized to Sue Sayed

By Juris Kaza

**STOCKHOLM** — Shareholders in Fermenta AB authorized its day to sue Refaat el-Sayed, the embattled biotechnology group's founder and former majority owner, and nine other past directors for damage done to the company.

Mr. Sayed asserted later in an interview that allegations against him were aimed at sabotaging an impending bid for Fermenta by the diversified British company Lounho PLC. There was no immediate confirmation from Lounho that it was planning a bid.

The resolution approved by shareholders authorizes, but does not require, a suit to be filed after Fermenta consults legal advisers and determines the extent of its claims against its former president and directors.

Company officials said that Fermenta would reach a decision on legal action by the fall.

Fermenta, which at one point was forecasting 1986 earnings of 700 million kronor (\$111.4 million), reported a pretax loss of 612.8 million kronor last year after irregularities were found in the company's accounts.

Fermenta reported Wednesday a

pretax loss of 70 million kronor for the first four months of 1987.

It said that sales were 1.09 billion kronor, down 12 percent from the year earlier period.

In a move with few precedents in Swedish corporate history, shareholders voted at their annual meeting not to absolve Mr. Sayed and nine other directors of their fiduciary liability for 1986. Such action must be taken before a company can sue directors under Swedish law.

Shareholders agreed with the conclusion of the company's auditors and an independent auditor that Mr. Sayed and other directors were guilty of gross dereliction of responsibility.

Mr. Sayed resigned as head of Fermenta in December after admitting he had used cash from personal loans and transactions to boost the revenue and profit margins of the company.

The entire board then resigned en masse as details emerged about the extent of financial manipulation and mismanagement of the company, and Fermenta was delisted from the Stockholm stock exchange in January.

In an impassioned speech before the shareholders Wednesday, Mr. Sayed said his actions were taken in

the best interests of the company. He said that he alone should be held responsible for Fermenta's troubles.

Kjell Brandstrom, managing director of Industriavärd AB, the single largest shareholder in Fermenta, told shareholders that "all attempts by Refaat to describe Fermenta" in 1986 "as anything but a house of cards must be rejected."

Mr. Sayed, driving later Wednesday through downtown Stockholm, waved letters and telefax that he said concerned a proposed acquisition of Fermenta by Lounho. He said that the purchase would have resulted in his reappointment as chief executive.

The transaction was blocked, he said, after Fermenta's auditors asserted in late May that \$44 million of a \$94 million payment made by Fermenta during its 1985 acquisition of SDS Biotech of the United States had actually been used to buy back an option on Fermenta shares. The option was issued by a private company owned by Mr. Sayed, a naturalized Swede who was born in Egypt.

Police prosecutors, the stock exchange and the bank inspection board have carried out separate inquiries on Fermenta following disclosures last year by auditors.

## Pilkington Bros. Posts Doubling Of Pretax Profit

Reuters

**LONDON** — Pilkington Bros. PLC, the British glassmaker, reported Wednesday that it had more than doubled pretax profits last year.

Pilkington reported profits of £256 million (\$425 million) in the year ending March 31, compared with £123.3 million a year earlier.

Turnover was £2.10 billion, up 59 percent from £1.32 billion. Pilkington also reported revenue from licensing and technical fees of £32.1 million, up from £26.2 million, and from investment of £22.3 million, up from £18 million.

The company, which earlier this year fought off a hostile takeover from the industrial conglomerate BTR PLC, said it expected profits to continue to improve. It said the costs of defending against the takeover had contributed to a £31.8 million extraordinary loss.

## SAS Predicts Rise in Traffic

**NEW YORK** — SAS Group expects an increase in passenger traffic on its airline, Scandinavian Airlines System, which will contribute to higher profit in the second half of the year, its president and chief executive said Wednesday.

Jan Carlzon, in an interview, also said that merger talks between SAS and Sabena, Belgium's national airline, were proceeding but that no agreement had been reached.

"We plan to make a proposal in the near future," he said but declined to be more specific.

SAS Group reported earlier that first-half profit before allocation and taxes rose 200 percent, to \$89.5 million, from \$29.2 million a year earlier. Profit for the 1986 fiscal year, ended Sept. 30, was about \$219 million on revenue of \$3.12 billion.

Mr. Carlzon said second-half earnings would be higher than in the first half, but the rate of increase in the second half would not be as large.

"It seems like it's going to be a good traffic summer from a tourist

point of view," he said. "Despite more competition on North Atlantic routes, traffic should increase there also."

Mr. Carlzon said business traffic should be stable in the second half. Better yields — or revenue per passenger per mile — and a bigger market share of business travel contributed to the strong first-half results.

Regarding the Sabena merger, he said the thinking at the two companies was "quite parallel."

SAS Group also includes hotel, travel and information subsidiaries. SAS is owned by the national airlines of Sweden, Norway and Denmark. The three national airlines are, in turn, 50 percent owned by their governments and 50 percent by private interests.

SAS is seeking to merge its airline because of changes expected from deregulation, or liberalization, of European airline markets.

"If we don't do anything, we will end up as a feeder carrier to one of the big countries and their airline system," Mr. Carlzon said.

## ALLEGIS: Chairman Ousted, Sale of Units Planned

(Continued from first finance page)

Marchesano said. The pilots also have accused the company of going too far afield from its core business.

On Tuesday, the pilots' union had asked a federal court in Chicago to force a shareholder vote on their restructuring proposal, under which the company's hotels and auto-rental business would be sold while shareholders and employees took ownership of the airline.

The suit said Allegis's "integrated travel services" strategy "has been a failure and has been injurious both to Allegis' airline employees and to its stockholders."

The strategy has "drained capital from the airline and has been a drag on the price of Allegis stock," the pilots said.

The U.S. District Court suit also asked the court to order Allegis to supply the pilots' financial advisers with any data it gave others while developing anti-takeover strate-

gies, a union spokesman, Jim Winters, said.

The company had its own plan to ask shareholders to approve a one-time \$3 billion payout of \$60 a share, a move widely regarded as an attempt to block any takeover. On Tuesday, Allegis said it was abandoning that plan.

In taking the actions, Allegis' board was yielding to several months of pressure from takeover attempts and from large stockholders, some of whom opposed Ferris' strategy.

The board also said that, under the plan it now favors, after Ferris and the hotel chains are sold, the remaining Allegis unit, United Airlines, would have a new ownership and a revamped financial structure. The board said such a plan would potentially involve "the active participation of all employee groups in a broad-based" employee stock ownership plan.

Under a "golden parachute"

contract adopted by Allegis on April 27 of this year, Mr. Ferris is entitled to full compensation until April 30, 1992. He received total compensation of \$578,981 in 1986.

The "golden parachute" for Mr. Ferris and seven other top officers were part of the strategy Allegis has been using to fight takeover attempts since the pilots' bid in April.

A senior director of Allegis, Charles F. Luce, said the board had asked its financial advisers to reconsider all existing restructuring proposals and to make recommendations within two to three weeks.

The board presumes that such recommendations, Mr. Luce said, would include the sale of Ferris, Westin and Hilton and a recapitalization of United Airlines. In the case of such moves, Mr. Olson then would recommend that Allegis take the name United Airlines Inc. (AP, NYT, Reuters)

## Labor Strife, Takeover Talk Ended Ferris's Travel Dream

The Associated Press

**CHICAGO** — Richard J. Ferris worked his way up through the hotel industry to head one of the largest U.S. airline companies and dreamed of making it a travel conglomerate that included hotels and rental-car operations.

That dream, criticized inside and outside the company, buckled under the reality of labor disputes and takeover rumors. Mr. Ferris, 50, was ousted Tuesday as chairman and president of Allegis Corp., with the future of the company clouded.

In a brief statement announcing the ouster, the company said it was considering selling its Hertz rental car and its Westin and Hilton hotels divisions and returning the name United Airlines Inc.

The statement did not say why Mr. Ferris had left. He was replaced by Frank A. Olson, who was elected chairman and chief executive officer. Mr. Ferris could not be reached for comment.

Mr. Ferris, a native of Sacramento, California, went to United Airlines after nearly a decade in the hotel business. He was president of Western International's Seattle headquarters when UAL, United's parent company, acquired the hotel chain in 1970.

He became president of United in 1975 and four years later took over as chief executive officer of UAL Inc. He impressed pilots by learning to fly.

In February, UAL Inc. changed its name to Allegis Corp., hoping that the change would make the public think of it as a full-service travel company.

The seeds of Mr. Ferris' fall were sown during a 29-day strike by 5,000 United pilots in 1985, said Louis Marchesano, an airline analyst with Jannet Montgomery Scott Inc. in Philadelphia.

Mr. Ferris won a short-term vic-



Richard J. Ferris

new pilots would be paid less than experienced ones. But the long-term effects were more serious.

"It wasn't so much what the company lost, but the amount it didn't make while other companies did," Mr. Marchesano said.

In 1986, United Airlines reported an \$80 million loss, limiting its earnings to \$11.6 million. And in February it announced layoffs of more than 1,000 workers in an attempt to trim \$100 million from its 1987 budget.

The real estate developer Donald Trump, who owns a small amount of Allegis stock, and Coniston Partners, a New York investment firm, were reported to be interested in Allegis' hotels. Coniston, which in April revealed that it held 13 percent of Allegis, proposed to sell the corporation or break it up.

Citing apparent takeover threats, directors granted "golden-parachute" contracts to Mr. Ferris and seven other top officials, giving them the right to receive their salaries until at least April 1992 if they did not retire earlier. Mr. Ferris' compensation was reported at

## LOUIS VUITTON - MOËT-HENNESSY

The Boards of Directors of the Moët-Hennessy and Louis Vuitton groups, two of the world's leading prestige consumer products companies, announced a mutual agreement to merge the two groups within a single entity. The combination is subject to approval by the shareholders of both groups.

The combined entity would hold between 90% and 100% of the shares of each of the constituent groups. The shareholders of the combined entity would consist of the shareholders of the two constituent groups, in proportion to the value of their present holdings. Pending further review by statutory auditors and authorities supervising the proposed merger, the proposed exchange ratio would be 2.4 Louis Vuitton shares for each Moët-Hennessy share.

The merged company will be named:

LV MH  
MOËT-HENNESSY LOUIS VUITTON

The intent of both parties is to maintain the identity, autonomy, structures and activities of the two constituent groups and the companies they comprise, within the context of a general strategic coordination.

The combined group would have estimated 1987 sales of FF 13 billion (over \$2 billion) and net income of more than FF 1.3 billion (over \$200 million).

Major brands of the new entity will include Dom Perignon, Moët & Chandon, and Veuve Clicquot champagnes; Louis Vuitton luggage and leather goods; Hennessy cognac; and Christian Dior and Givenchy perfumes and beauty products.

In line with the activities of both the Moët-Hennessy and Louis Vuitton groups, the combined entity would focus on high quality and prestige products, and have strong export market positions.

In a joint statement, the management of the two groups emphasized that the combination of the two groups will constitute an entity of worldwide stature, with a wealth of experience, synergies, exceptional growth potential and first rate human, production, marketing and financial resources. The development of each group's products and brands would remain separate.

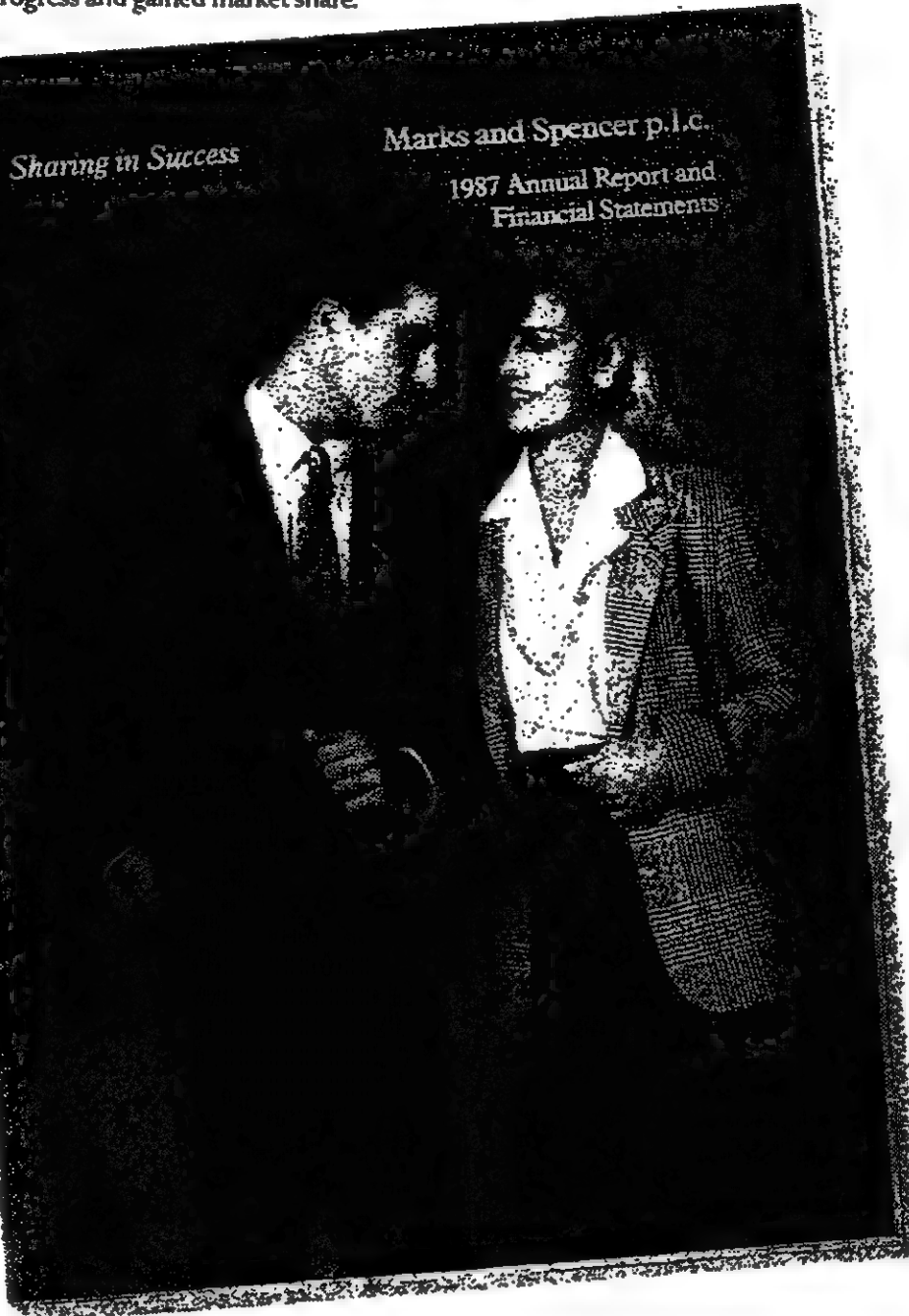
The shareholders and directors of each group will be asked to approve the creation of a joint Board of Directors, presided by Mr. Alain CHEVALIER, the present Chairman of the Board and CEO of Moët-Hennessy, and of a joint Strategic Committee, presided by Mr. Henry RACAMIER, the present President and CEO of Louis Vuitton.

The Boards and Executive Committees of each constituent group would remain unchanged. Paribas and Lazard Frères & Cie are serving as advisors in this transaction.

Louis Vuitton added, that in the event that the merger takes place, its proposed one-for-eight free share distribution would be cancelled.

Moët-Hennessy

LOUIS VUITTON



Sharing in Success

Marks and Spencer p.l.c.  
1987 Annual Report and  
Financial Statements

During the year £223 million was invested in the UK and 94 stores, representing over half the UK footage, have now been extended or modernised.

Selling space increased by 450,000 sq. ft. to a total of 7.9 million sq. ft. We intend to continue our expansion by opening around 500,000 sq. ft. per year for the next 3 years. Our premier store at Marble Arch is currently being modernised and extended and will open later in the year on four floors.

Early in 1988 our second edge-of-town store will open in Cheshunt.

There are now more than 1.5 million Chargecard holders. Sales on the Chargecard increased by 54% to 11% of the UK turnover.

Group Turnover (excluding sales taxes) £m

1987 4,220.8

1986 3,734.8

1985 3,208.1

1984 2,862.5

1983 2,509.9

Group Profit (before taxation) £m

1987 432.1

1986 365.8

1985 304.1

1984 279.3

1983 239.3

Our European division has traded profitably, helped by the new French store at Velizy 2 which has made a most encouraging start.

In Canada, following the move to full ownership, sales and profits have progressed satisfactorily. A team of senior people is currently investigating future development opportunities in the USA and our first store in Hong Kong will open later this year.

We are confident that our current expansion programme will ensure that our shareholders, our staff and our suppliers will continue to share in our success.

Marks & Spencer has an AAA rating for long-term debt from Moody's and Standard & Poor's.

If you would like to receive a copy of the Marks & Spencer Annual Report please complete and send the coupon.

To: Marks & Spencer France S.A., 8-8 Rue des Mathurins, B.P. 252 - 08, 75424 Paris Cedex 08, France.

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## CURRENCY MARKETS

## Summit Does Little to Buoy Dollar

**NEW YORK** — The dollar closed little changed Wednesday in a session marked by a "summit rhetoric" to the next report on the U.S. trade deficit.

As expected, the leading industrial democracies concluded their economic summit meeting in Venice with a communiqué that included an endorsement of the accord on exchange rate stabilization reached in Paris in late February.

The Group of Seven nations said recent adjustments among the leading currencies have "brought exchange rates within ranges broadly consistent with economic fundamentals."

Reflecting market disappointment that no new initiatives were launched to support the U.S. currency, the dollar opened as low as 1.7840 against the Deutsche mark and 141.50 against the yen in New York.

It ended at 1.7915 DM, up from 1.7880 DM at Tuesday's close, and at 142 yen, down from 142.15. It fell to 5.9915 French francs from

## London Dollar Rates

Currency	Rate	Change
Deutsche mark	1.7915	0.0035
French franc	5.9915	-0.0025
Italian lira	1,936.00	+0.00
Japanese yen	142.00	-0.15
Swiss franc	1.4890	+0.0010

Source: Reuters

6.0140 and to 1.4805 Swiss francs from 1.4890.

The dollar firmed against the British pound, which closed at \$1.6615, against \$1.6660 Tuesday.

Earl Johnson, a senior trader with Harris Bank in Chicago, said the dollar received a modest boost on comments by Treasury Secretary James A. Baker 3d that West Germany might be willing to take further steps to stimulate its economy.

But the dollar failed to hold on to those highs when the market concluded that the Venice summit meeting produced "just rhetoric."

"There is rock solid support at 1.77 DM and 140 yen," Mr. Johnson said. "The trade figure is the

next big development." He was referring to figures on the U.S. trade deficit for April, which are to be released Friday.

Mr. Johnson said the market would consider a deficit of \$13 billion to \$13.5 billion "a neutral number," while a deficit of \$15 billion to \$16 billion "would be very bad for the dollar, and you could see it test the lows."

In London, the dollar closed at 1.7905 DM, up from 1.7905 DM at Tuesday's close, and at 142.45 yen, unchanged. The U.S. currency rose against the pound, which ended at \$1.6595, against \$1.6630 Tuesday.

The dollar's slight rise was attributed almost entirely to a sentiment that its decline Tuesday against the pound was overdue.

In earlier European trading, the dollar was fixed in Frankfurt at 1.7877 DM, down from 1.7933 at Tuesday's close, and in Paris at 5.9760 French francs, down from 6.0140. It closed in Zurich at 1.4838 Swiss francs, down from 1.4890. (UPI, Reuters)

## IMF Urges Seoul To Ease Controls To Limit Surplus

Reuters

**SEOUL** — An International Monetary Fund delegation urged South Korea on Wednesday to widen access to its markets and remove trade barriers to limit the growth of its balance of payments surplus.

"Highest priority in the management of the surplus should be attached to liberalizing and dismantling controls which the economy has long outgrown," said Hubert Neiss, the IMF's deputy director for Asian affairs. The delegation has been in Seoul for two weeks.

He said that South Korea should shorten its import surveillance list, speed up removal of restrictions on some manufactured goods and agricultural products, cut import taxes and ease foreign exchange controls. South Korea posted a surplus of \$4.65 billion last year in its current account after a deficit of \$890 million in 1985.

## MANAGER: Schools Help Executives Conquer the Terrors of the Podium

(Continued from first finance page)

Julius Baer & Co. Ltd., the London branch of the Zurich-based merchant bank. "But until you try, you don't realize that a pause in a presentation, far from being embarrassing, makes people pay attention."

Communism suggests staying away from jokes. There is always one person in the audience who will find the joke offensive. If you want to be funny, be self-deprecating.

Experts use different methods to help executives avoid reading their text. Communism suggests staying away from jokes. There is always one person in the audience who will find the joke offensive. If you want to be funny, be self-deprecating.

Experts suggest rehearsing the question to the audience to give the speaker time to think. If you really don't know the answer, the best thing is to say so and offer to give an answer at a later date.

Top executives who have attended the courses say they saw a dramatic difference in the before and after videos of their presentations. "The way I measured the effectiveness of the course was the wide difference between the before and

after videos," said Mr. Young of Julius Baer. "Stage nerves have an impact on the pace, the pitch of delivery and the presentation."

But the thing that really makes a speech work is personal enthusiasm about the subject, something that Dale Carnegie discovered 70 years ago. As one expert put it, "When the person has nothing to say, and a lot of people don't, then you have a problem. Techniques wouldn't help much."

## AIRLINES: A Challenger to Air Canada Emerges in the Northern Skies

(Continued from first finance page)

oly, or something close to it, on many of the country's busiest domestic and international routes. With 22,000 employees, 115 aircraft and revenue of nearly \$2 billion a year, the airline ranks as the 12th largest in the world.

Air Canada's regulatory privileges continued for years after 1978, when deregulation in the United States ushered in an era of no-frills airlines, frequent-flyer discounts and \$99 coast-to-coast fares. Under rules that limited each of its competitors to 25 percent of its domestic route mileage, out-lawed fare discounting and otherwise restricted competition, Air Canada regularly took more than 60 percent of a domestic and international market of more than 25 million passengers a year.

The biggest loser was Canadian Pacific, which traced its history back to bush plane operations that sprang up in the 1920s. Although the modern airline was founded only in 1942, company histories recall a time when flight times were small operators that preceded it were published as an addendum to the schedule for the Canadian Pacific Railway, and some stops were made only if a station manager at a remote airport waved a flag to indicate there were passengers below.

But history counted for little after the founding of Trans-Canada

Airlines in 1937, that later became Air Canada.

Until 1959, when Canadian Pacific was granted its first transcontinental route, from Vancouver to Montreal, Canadian Pacific survived largely as a regional carrier in

came in 1984, when a "freedom to move" air policy was introduced by the government of the prime minister at the time, Pierre Elliott Trudeau.

Although more cautious than deregulation in the United States, the

ing out to Air Canada and CP Air as the larger carriers have sought to secure longer routes. Consumers have benefited from fare wars, flight schedules are more full, and in-flight service has improved.

But the development of potentially greatest significance came late last year, when PWA Corp., parent of Pacific Western, used cash generated by a sale-and-leaseback arrangement on 16 of its Boeing 737 jets to acquire CP Air. The parent company of the larger airline, CP Ltd., a conglomerate with large holdings in real estate, manufacturing and hotels, had become impatient with the cumulative losses of more than \$75 million run up by CP Air since 1981, largely because of an expensive program of aircraft acquisitions.

The result of the merger, Canadian Airlines International, is smaller than Air Canada, but close enough to pose a serious threat. The new carrier starts with 85 jets and 8.5 million passengers a year, the combined total carried by CP Air and Pacific Western in 1986. Mr. Sigler, the president, estimates the airline's market share at about 3 percent, slightly more than half Air Canada's.

Joining the two bigger carriers in the contest for long-haul traffic will be Wardair, a privately owned airline founded by a former airline pilot, Max Ward.

**"We could carry you from one major center in Canada to another, but if you wanted to go from Spuzzum to Ekum-Seakum, you had to go Air Canada."**

— Peter Golding, spokesman for Canadian Airlines International

western Canada and as a pioneer of routes across the Pacific. Other domestic routes followed, and the airline expanded into South America and southern Europe. Still, it remained a weak sister to Air Canada at home.

"We could carry you from one major center in Canada to another, but if you wanted to go from Spuzzum to Ekum-Seakum, you had to go Air Canada," said Peter Golding, employed for nine years by CP Air and recently named corporate communications manager in Vancouver for Canadian Airlines International.

The first sign that Air Canada's dominance could be challenged

policy led to the cancellation of the rule limiting competitors to 25 percent of Air Canada's route mileage and the opening of most of the heavily traveled routes in southern Canada to competition. Service to northern communities continues to be regulated, to insure continuity of service.

Full deregulation will not come until Parliament enacts legislation, probably next year, and even then the industry will lack some of the freedoms of U.S. carriers. But already, patterns that developed in the United States are being repeated.

At least 16 new regional airlines have sprung up, many of them sell-

## Currency Futures Market Is Riveted on U.S. Trade Deficit

Reuters

**CHICAGO** — Expectations for further increases in currency futures may be reinforced by U.S. trade figures to be released Friday, analysts say.

A sharp rise in currency futures could result if the merchandise trade deficit for April was greater than anticipated, the analysts said. Tuesday, a \$13.7 billion trade deficit is the median market expectation, according to the regular survey by Money Market Services.

Advances early in the week resulted in part from market sentiment that no significant new measures to stabilize major currencies would result from the economic

summit meeting of seven industrialized nations in Venice.

If the futures in currency continues after the meeting, central banks may step in to halt the rally through intervention, especially if the trade deficit proves larger than anticipated, the currency analysts said.

"There will be more central bank interference than people expect when the dollar sinks," said Mike Malpede, a currency analyst with Refco.

Mr. Malpede predicted sizeable dollar purchases by the Federal Reserve and Japan, the yen by the Bank of Japan.

Recent dollar purchases by the Fed totaled \$490 billion, suggesting

a willingness by central bank officials to support the U.S. currency, he said.

But with estimates of the April trade deficit on the rise, some analysts expect that upward pressure on currency futures will grow as the week progresses.

Estimates for the U.S. trade deficit range from \$13 billion to \$16 billion, but projections at the upper end are stacking up, said Linda McLaughlin, manager of corporate foreign exchange at Shearson Lehman Brothers.

After the economic summit meeting, which ended Wednesday, and Britain's national election Thursday, "the market should feel

comfortable from the short dollar positions, and currencies could make new highs," she said.

Richard Peterson, chief economist at Continental Illinois National Bank & Trust, forecast Tuesday that the U.S. trade deficit would continue to average \$13 billion to \$14 billion for the next few months. In the meantime, Mr. Peterson predicted, the dollar will trade within its current range of 135 to 145 yen and 1.74 to 1.85 Deutsche marks.

"This leaves us room for another good run at the dollar, which could be triggered by the monthly trade figure or other economic data that falls outside expectations," he said.

## Wednesday's OTC Prices

NASDAQ prices as of 4 p.m. New York time. Via The Associated Press

12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG

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## SPORTS

## Mets, Error-Prone, Lose Third Straight

Compiled by Our Staff From Dispatches

CHICAGO — For an encore, this is what the wayward New York Mets did Tuesday in Wrigley Field: They made five errors, four of them in one inning, two of them by Keith Hernandez on one play. For the second straight day, they blew a tie in the late innings. And for the second straight day, they lost a close one to the Chicago Cubs.

They lost by 6-5, and did it in a swirl of bitter feelings. It was their

BASEBALL ROUNDUP

third straight defeat, dropping them back to the .500 level.

"Anger?" said Manager Dave Johnson, heatedly echoing a question. "With all the things that have happened, it's more like disgust. Is this rock bottom? I don't know. We've bounced along for so long down there, I can't judge the bounces anymore."

Johnson's latest ordeal began when Darryl Strawberry arrived for work late for the second straight day; he was fined \$250 and benched. It ended four hours later when Johnson sent Strawberry to bat as a pinch-hitter with two out in the ninth, New York trailing by a run, Len Dykstra on first base and Lee Smith pitching. Strawberry took a called third strike.

In between, the Mets produced three home runs, but their five errors, only one part of the team record. And they never made up for the two runs the Chicago scored with two down in the eighth, when Ryne Sandberg slammed a shot off pitcher Roger McDowell's foot and the ball caromed into open territory between first and second base.

The Mets were only warming up when shortstop Rafael Santana's wild throw gave the Cubs a run in the first.

In the fourth, with the score 2-2, they needed four quick errors.

The first culprit was Hernandez, a nine-time gold glove first baseman who made only five errors in 1987. But when Dave Martinez shot a bounce to his right, the ball caromed off his glove for one error and he then threw the ball past pitcher Terry Letcher at the bag for another.

Leach got the second out and apparently the third when Sandberg grounded to second baseman Tim Lincecum — who booted it. Sandberg stole second and went on to third when catcher Barry Lyons threw the ball high for another error.

Phillies 3, Cardinals 2: In Philadelphia, Steve Bedrosian recorded his eighth save in as many consecutive appearances, tying a National League record held by held by Clay Carroll, Bruce Stinner, Rach Gossage and Dave Smith.

Astros 1, Padres 0: In Houston, Smith turned in 11 innings of perfect relief, extending to 23½ his string of innings without yielding an earned run.

Pirates 8, Expos 1: In Montreal, Barry Bonds and Andy Van Slyke hit two-run, second-inning doubles to help Mike Dunne to his first major-league victory.

Giants 10, Reds 2: In Cincinnati, Will Clark drove in four runs with a home run and a double to pace San Francisco's rout of the Reds.

Dodgers 5, Braves 3: In Atlanta, two-run homers by John Shelby and Mike Marshall led Los Angeles past the Braves.

Athletics 8, White Sox 3: In the American League, in Oakland, California, Curt Young was within four outs of a no-hitter when Chicago's Ken Williams spoiled it with a two-run homer.

Blue Jays 7, Yankees 2: In New York, Jesse Barfield drove in three runs on two hits and John Cerutti pitched a three-hitter over 5½ shut-out innings as Toronto won its seventh straight.

Twins 5, Royals 2: In Minneapolis, Joe Niekro, recently acquired from the Yankees, beat Kansas City for the first time since 1971 as Minnesota won its fourth straight.

Tigers 8, Brewers 5: In Detroit, Bill Madlock had four hits and drove in two runs to help Jack Morris to his seventh straight victory.

Angels 6, Indians 5: In Anaheim, California, Wally Joyner and Mark McLemore singled home two runs apiece in a four-run seventh that rallied California past Cleveland.

Rangers 3, Mariners 0: In Seattle, Texas ended a five-game skid on three home runs and a combined five-hitter by Jose Guzman. Paul Kilgus and Dale Mohorcich.

Red Sox 2, Orioles 1: In Baltimore, Ellis Burks singled home Dwight Evans with two out in the eighth, breaking a 1-1 tie and sending the Orioles to their sixth consecutive loss. (NYT, UPI, AP)



Shortstop Rafael Santana came down empty and Ryne Sandberg had a stolen base when catcher Barry Lyons threw high for the fourth Met error of Tuesday's fourth inning in Chicago.

## Ballesteros Keeps His Grudge in Play

By Alex Yannis  
New York Times Service

HARRISON, N.Y. — Seve Ballesteros brushed back his dark hair with his right hand here Tuesday and spoke his mind.

The lucky Spaniard, one of the game's premier players, said American golf enthusiasts are deprived of seeing the world's best golfers regularly because of a Professional Golfers' Association rule.

"Maybe there is some pressure from the American players because of the money," Ballesteros said after a practice round for this week's Westchester Classic tournament.

Under the rule Ballesteros referred to, nonmembers of the PGA tour may play a maximum of five tournament events each season.

Ballesteros was suspended from the tour last year by Deane Beman, its commissioner, for not fulfilling his 15-tournament playing obligation in 1985. "I don't see which way anybody has benefited from that," Ballesteros said. "It's not good for me or the game. I think it's wrong."

Ballesteros said European golfers had improved a great deal, judging by scores of European tournaments. He said U.S. fans are being cheated when television advertisements keep telling them they watch the best players in the world every week.

"You have the same players here every week," Ballesteros said. "It'll be better to invite five different Europeans every week. There is plenty of money for everyone here."

Ian Woosnam of Wales and José María Olazábal of Spain were two of the players he mentioned. Along with Ballesteros, they were among the top five 1986 European money winners. Olazábal hasn't played in the United States since 1981; Woosnam finished tied for 39th in the Memorial Tournament last month.

Westchester will be the fifth and final PGA-sponsored event of 1987 for Ballesteros, who is 25th in money earnings with \$177,018. He got one of the four exceptions each tournament's sponsor is allowed.

Ballesteros considers Westchester a good tuneup for next week's U.S. Open in San Francisco, one of the major titles that has eluded him. He won the Masters in 1980 and 1983 and the British Open in 1979 and '84.

Seve Ballesteros  
Joe McManey/Reuters



Driving for a second-quarter lay-up, James Worthy was clothed by Dennis Johnson and low-brided by Greg Kite, left. Worthy came up fighting; he and Kite drew technical fouls.

## Johnson's Hook With 0:02 Left Puts Lakers 1 Victory From Title

By Anthony Cotton  
Washington Post Service

BOSTON — Overcoming a 16-point third-quarter deficit, the Los Angeles Lakers proved, perhaps once and for all, that they are more than a group of finesse players, tugging out a 107-106 victory Tuesday night over the Boston Celtics in Game 4 of the National Basketball Association championship series.

The triumph, which gives Los Angeles a shot at dethroning the defending titlists here Thursday night, was clinched in the final two seconds of play when Laker guard Earvin (Magic) Johnson hit a driving hook shot over Boston all-star Kevin McHale, Robert Parish and Larry Bird. Ten seconds earlier, Bird had given the Celtics a 106-104 lead by hitting a three-point field goal.

Following a time-out called after Bird's shot, the Lakers moved the ball to center Kareem Abdul-Jabbar, and the NBA's all-time leading scorer was fouled with 0:08 remaining while attempting a hook shot. Abdul-Jabbar hit his first foul shot but missed the second; however, the rebound caromed out of bounds off the hands of McHale, setting up Johnson's drive past McHale and into the lane.

Following Johnson's 12-foot (3.65-meter) shot, Boston called a time-out to move the ball to mid-court. From there, guard Dennis Johnson hit Bird in the corner, but Bird's rushed attempt bounced off the far side of the rim.

Wherever he reviews the tapes, Johnson should watch more than just the last of his game-high 29 points. Also of note was the defensive effort that keyed a comeback based not on the fast break but rather on a grind-it-out effort that matched the Celtics' style but exceeded their performance.

"The game was the way we wanted it played. We were bumping and playing physical, and everything else," said McHale. "It was the type of tempo, the type of game, that we wanted to play."

Dennis Johnson scored on a lay-up 3:30 into the game to give Boston a lead, 6-5, that it wouldn't relinquish until the closing moments. And what had been a relatively gentle series through three games rapidly turned rough.

While driving for a lay-up in the second quarter, Laker forward James Worthy was clothed by Dennis Johnson while being low-brided by center Greg Kite. Worthy came off the floor and went for

Kite, emptying both benches. Kite and Worthy were assessed technical fouls.

In the third period, Laker forward Michael Cooper drew another after a brief exchange with McHale, and later in the quarter, McHale and Byron Scott were hit with yet another double technical for yet another altercation.

The series of events seemed to make the crowd hungrier for the Celtics to finish off the Lakers. That had seemed to be the inevitable outcome after a 20-12 spurt put

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